MAINE STATE LEGISLATURE

Measures Of Growth In Focus

2009

Performance Measures and Benchmarks to Achieve a Vibrant and Sustainable Economy for Maine

Fifteenth Report of the Maine Economic Growth Council

Prepared by the

Maine Development Foundation

VISION

A high quality of life for all Maine people.

Achieving this vision requires a vibrant and sustainable economy supported by vital communities and a healthy environment.

Prepared for the Maine Economic Growth Council
by the

MAINE DEVELOPMENT FOUNDATION

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2009 Performance Measures of the Maine Economic Growth Council

ECONOMY

Prosperity

- 1. Per Capita Personal Income
- 2. Gross Domestic Product
- 3. Employment
- 4. Multiple Job Holding

Business Innovation

- 5. Research and Development Expenditures
- 6. International Exports
- 7. High Speed Internet Subscribers
- 8. New Business Starts
- 9. Manufacturing Productivity

Skilled and Educated Workers

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COMMUNITY

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Health and Safety

- 20. Chronic Disease
- 21. Health Insurance Coverage

ENVIRONMENT

Preservation

- 22. Conservation Lands

Stewardship

- 23. Sustainable Forest Lands

Access

- 24. Population of Service Center Communities

Key to Symbols

GOLD STARS & RED FLAGS

Determining which performance measures receive Gold Stars and Red Flags are judgments made by members of the Maine Economic Growth Council. These determinations reflect consensus of the group and are based on consideration of the best data available and the experienced perspective of Growth Council members. Generally, criteria are as follows:

Exceptional performance.
Very high national standing and/or established trend towards significant improvement.

Needs attention.
Very low national standing and/or established trend towards significant decline. In some cases, there is improvement, but it is still viewed as needing attention.

PROGRESS SYMBOLS

The progress symbols reflect movement toward or away from the benchmarks. The benchmarks are established by the Growth Council and determining progress is done objectively each year by reviewing the most recent trend. The Growth Council does not use a uniform methodology in creating benchmarks. Criteria for applying the progress symbols are as follows:

We have moved toward the benchmark since last available data.

We have moved away from the benchmark since last available data.

No significant movement either way since last available data.

CHALLENGES AND OPPORTUNITIES

We find ourselves in precarious and uncertain economic times. Our financial system is in turmoil and this has sent ripples through the world economy. In Maine, like across the nation, this has translated to job losses, bankruptcies, foreclosures, and growing deficits. As these monumental challenges are addressed and as stimulus plans materialize, it is important to ground the decision making process.

Despite the urgency, the long-term plan has not changed and the fundamentals of development and growth are more important than ever. Investments in higher education and R&D will raise incomes and create wealth. We need to continue investment in our workforce and in our infrastructure. We need to continue investments that grow the new economy while also supporting today's economy.

The *Measures of Growth* report offers a means of weighing and prioritizing investment decisions. This report provides measures and targets for a number of economic indicators essential to a healthy and sustainable economy. This, in turn, provides a decision maker with the ability to focus their efforts. Focus and prioritization are essential to manage a large influx of stimulus money and a seemingly endless list of needs.

A ROADMAP FOR INVESTMENT

The report highlights areas of both great concern and exceptional performance. Investments targeted at these areas can have a substantial impact on our economy. Investments strategically targeted at a few of these most critical indicators can have an even greater effect on increasing productivity, competitiveness and, ultimately, per capita income. The Maine Economic Growth Council identified the following examples and approaches:

Energy Efficient Industry

Stimulus funds could be used for capital investments in the state's manufacturing plants and mills. Replacing existing energy inefficient systems would have multiple effects. Greater energy efficiency results in lower energy costs for companies. This also results in better environmental outcomes through less pollution. Lower operating costs help strengthen competitiveness and productivity. This supports the existing workforce and industry while positioning them for future growth.

Effective Railways

Stimulus funds could be invested in Maine's existing railway system. The goals would be to make it safe, affordable and accessible for companies to send and receive freight statewide. This would remove trucks from our roads which would have the combined effect of less expensive road damage, less air pollution, and more efficient transport of commerce. This would help companies contain costs and allow greater investment in their workforce and productivity improvements. Additionally, this would increase the safety of Maine citizens as truck traffic is diverted from our downtown areas.

Shovel-Ready Projects Need Shovel-Ready Workers

A priority and focus of stimulus money will be funding shovel-ready projects that begin immediately and have the desired effect on the economy now. While this is important, we need

to make sure that we have sufficient workforce in-state to complete these projects. Where we don't, some money could be used to provide training that matches the work being funded. This gives us the immediate spending stimulus of the project while investing in the longer-term future of our workforce.

Healthy Connectivity

The groundwork has been laid and initial investment made toward a statewide Health IT system in Maine. Stimulus money could be leveraged to complete the system, not only connecting health care specialists in our busiest and most populated service centers but in our rural areas as well. This would help contain health care costs, improve the quality of care and outcomes, and make the needed infrastructure investments to connect all Maine people.

Now and Later

By design, the stimulus package created by the current administration has a very immediate and short range focus. It is important to jumpstart activity now until the economy can recover. There is also the opportunity to make immediate investments that set the foundation for longer-term objectives. Immediate changes and upgrades to infrastructure should align with long-term plans for expansion and growth. Workforce investment needs to get Maine workers reattached to the economy now but in a way that ensures their security down the road. Energy investments need to be made with a longer-term plan and commitment to delivering clean and affordable energy to Maine residents and businesses well beyond the next few years.

Improvements in productivity come about from capital improvements and investments in worker training and education that add value to the product. These investments must be stepped up if Maine is to close the gap with the rest of the nation and remain competitive.

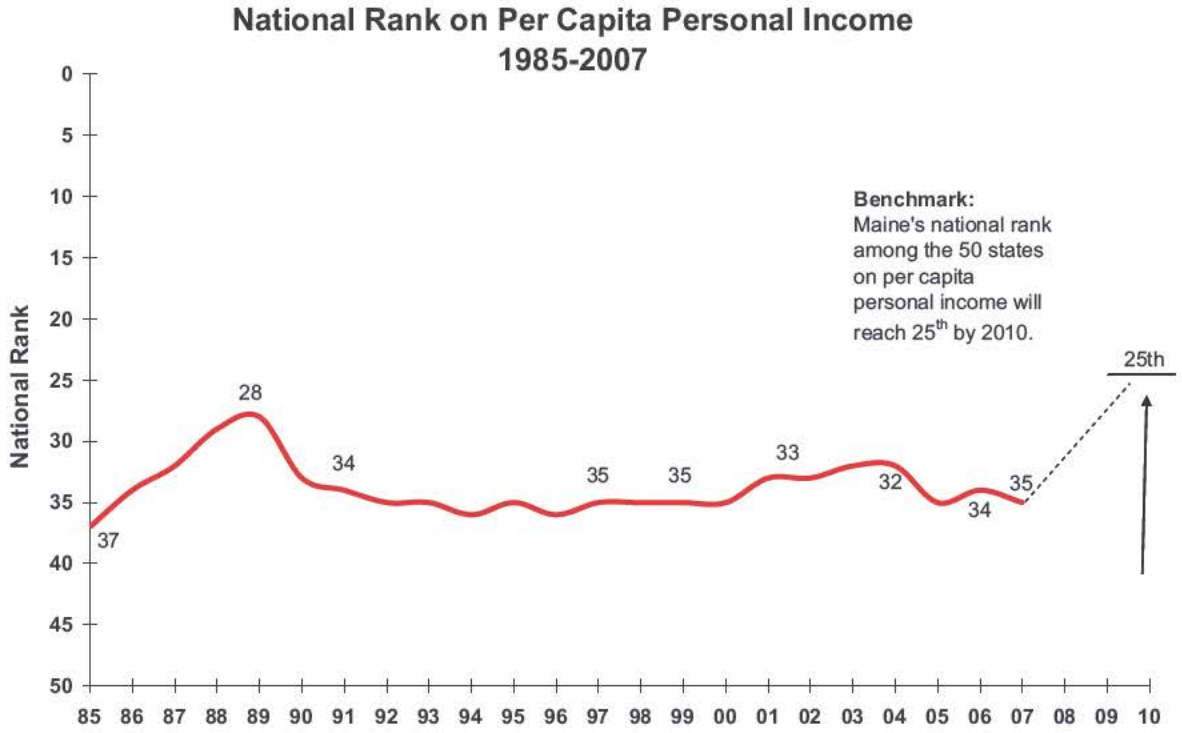
A NOTE TO THE READER: THE NATURE OF DATA

The most useful report for policy makers is founded on the most accurate and timely data. Much is done to ensure that the information within these pages supports good decision making. Regardless, data by its nature has a level of uncertainty. The best data has been collected in a way that manages this uncertainty. It is regularly revised as more information and better methodologies become available.

As a result, data changes regularly as we strive for greater accuracy and less uncertainty. Any reader of this report can attest to this as numbers and rankings change year-to-year with updates. Specific examples in this edition include personal income, GDP, tax burden, and child poverty. These numbers are revised regularly and will be slightly different from previous reports. Most importantly, they will be more accurate. Despite changes, what does remain the same are the trends and the policy implications.

1. Personal Income

Benchmark: Maine's national rank among the 50 states on per capita personal income will reach 25th by 2010.



Data Source: U.S. Department of Commerce, Bureau of Economic Analysis

Per Capita Personal Income Remains Relatively Unchanged

Per capita personal income is the income received from all sources, divided by the state's population. Sources of income include wages, salary, supplements, rents, dividends, interest, and transfer payments. In 2007, Maine's per capita personal income was $33,962, ranking 35th among all states. This represents a slight decline from the previous year's ranking of 34th. In real terms (adjusted for inflation), personal per capita income in Maine remained relatively unchanged from the previous year.

Both Maine and the nation experienced approximately the same growth in personal per capita income of about 5% from the previous year. As a result, Maine's per capita personal income continues to lag behind the national average. In 2007, Maine's personal per capita income was 88.1% of the national average of $38,564. With the exception of the period from 2001 2004, this is essentially the same income gap that has existed since 1991.

Regionally, the situation remains the same. New England's average 2007 per capita personal income of $47,256 was higher than both the national average and Maine. Individually, the other five New England states ranked better than Maine and those rankings changed little from the previous year.

Increasing personal income continues to be fundamental to a high quality of life for Maine people and is a reflection of economic growth and prosperity. Higher incomes stimulate consumer spending, create greater savings, and can lower tax burden and household debt. Higher incomes allow people to secure housing, afford health insurance, and pursue higher education. Stagnant income growth is problematic in an environment of rising prices of essential goods like food, medicine, and fuel. Volatility in the economy will continue to exacerbate this situation over the foreseeable future.

The Growth Council has set the goal of Maine ranking 25th in per capita personal income by 2010. The Council believes that a rank of 25th is attainable; Maine ranked 28th nationally in 1989.

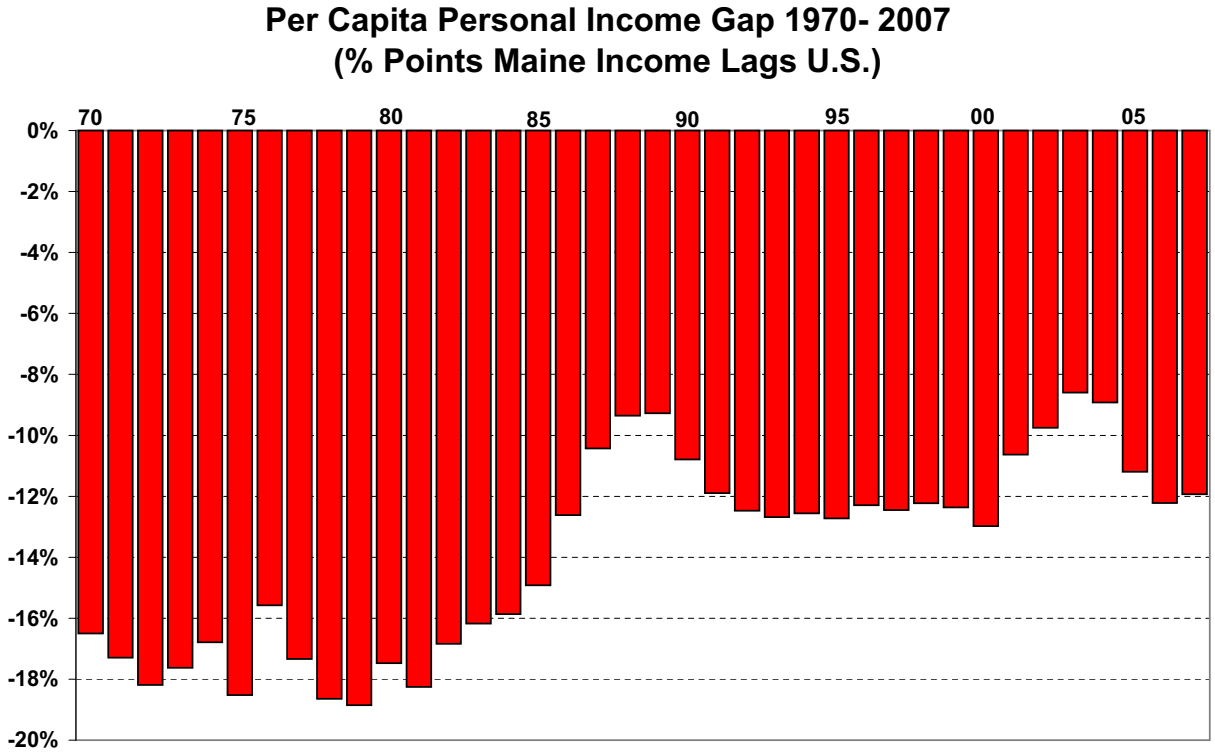
(continued on next page)

1. Personal Income (continued)

2007 Per Capita Personal Income and National Rank New England States		
	Income	**Rank**
US	**$38,564**	
NE	**$47,256**	
CT	$54,984	1
MA	$49,142	3
NH	$41,444	9
RI	$39,712	16
VT	$37,446	21
ME	$33,962	35

Data Source: U.S. Department of Commerce, Bureau of Economic Analysis

The graph below shows that Maine made good progress towards closing the income gap with the U.S. from 1970 to 2007. However, in recent years that gap has widened. In 2007, the gap was 11.9%. This is essentially the same gap as the previous year and an increase from 2003 when the gap was only 8.7%.

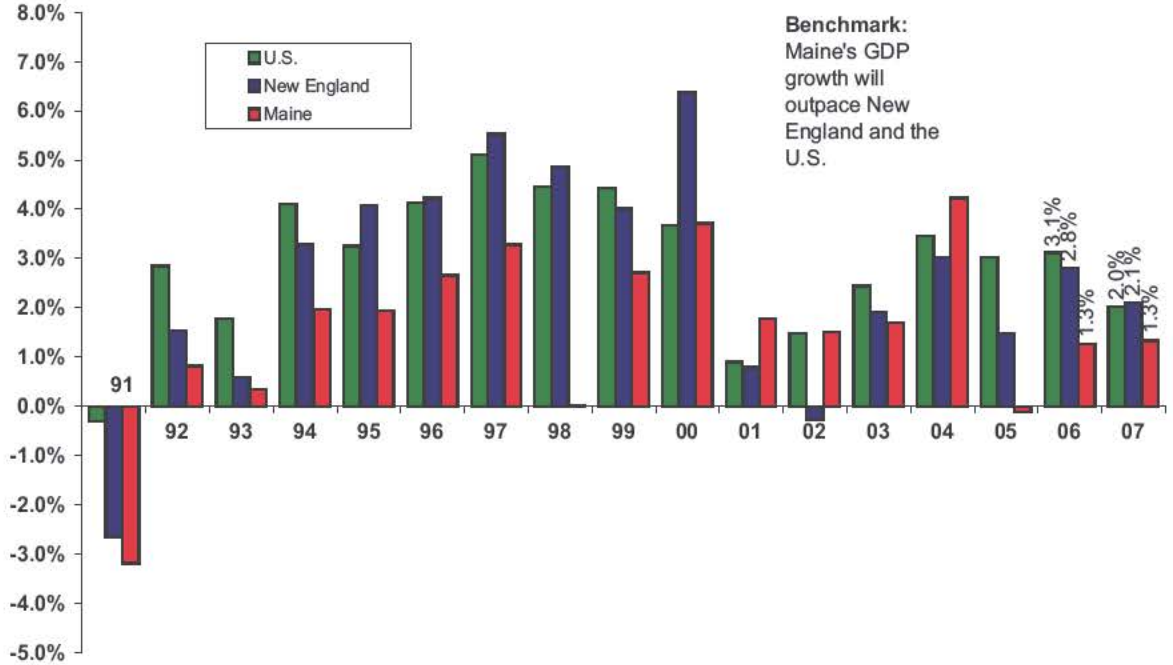


Data Source: U.S. Department of Commerce, Bureau of Economic Analysis

2. Gross Domestic Product

Benchmark: Maine's Gross Domestic Product growth will outpace New England and U.S.

Real Gross Domestic Product Growth Rate
U.S., New England and Maine 1991-2007



Data Source: U.S. Department of Commerce, Bureau of Economic Analysis

Maine GDP Grows At Same Pace – Less Than Region and Nation

Gross Domestic Product (GDP) is the value added in production by labor and property located in a state. It is a fundamental measure of economic health and the primary determinant of the extent to which an economy is growing or in recession. The sum of value added in all industry sectors totals GDP.

Maine's GDP experienced real growth (adjusted for inflation) of 1.3% from 2006 to 2007. During the same time period, New England and U.S. GDP grew at 2.1% and 2.0% respectively.

Maine's economy grew at the same rate as the previous year. Both the New England and national economies experienced slower growth than the previous year. Over the five years from 2002-2007, Maine's GDP experienced real growth of 8.6%. This is less than the nation's 14.9% growth and New England's 11.9% growth for that same time period.

The table to the right shows the relative contribution to GDP by major industry sector in Maine. Real Estate, Government and Manufacturing continue to account for nearly two-fifths (39%) of total output in 2007. This is approximately $15.3 billion. Another fifth or $8.6 billion comes from the Retail and Health Care sectors. These five sectors experienced growth in their contribution to GDP. Five sectors experienced declines: Finance and Insurance, Wholesale Trade, Construction, Lodging and Food Services, and Mining.

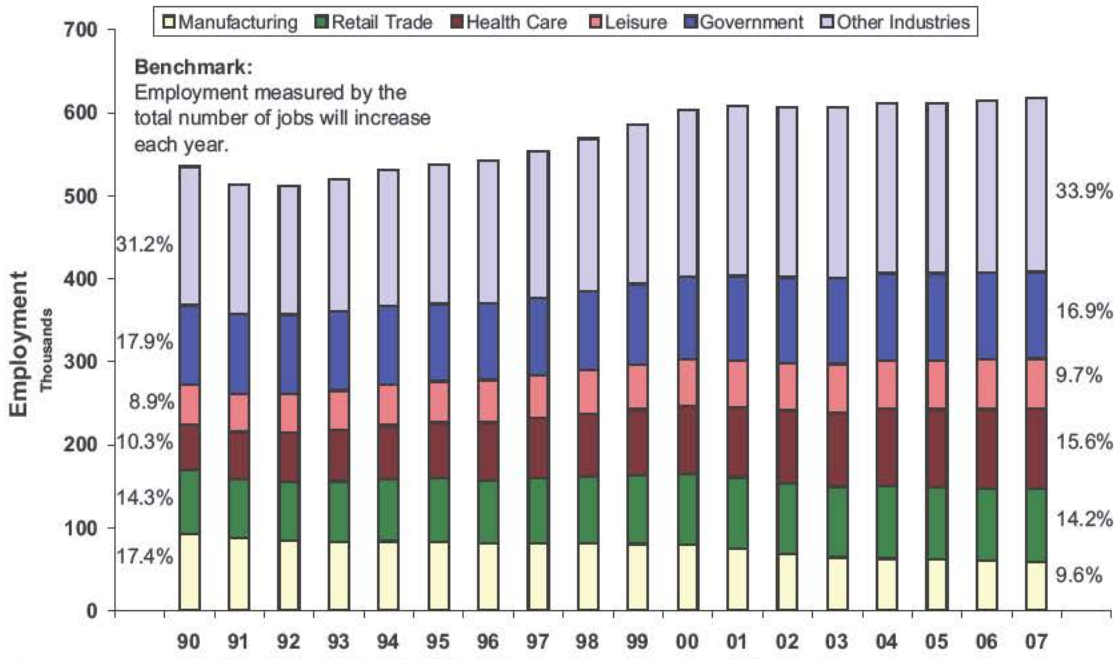
Real Gross Domestic Product in Maine by Major Industry Sector 2007

Industry Sector	GDP Millions of Dollars	% of Total	% Change 06-07
Real Estate	$5,261	13%	1.1%
Manufacturing	$5,100	13%	1.3%
Government	$5,077	13%	0.8%
Retail Trade	$4,452	11%	5.6%
Health Care	$4,217	11%	3.3%
Finance and Insurance	$2,560	6%	1.5%
Wholesale Trade	$2,153	5%	1.1%
Professional/Tech Services	$1,975	5%	3.0%
Information	$1,581	4%	9.0%
Construction	$1,343	3%	15.2%
Lodging and Food Services	$1,213	3%	0.3%
Trans. and Warehousing	$963	2%	0.9%
Admin. and Waste Services	$914	2%	5.2%
Utilities	$841	2%	8.0%
Other Services	$795	2%	0.6%
Agriculture, Forestry, Fishing	$643	2%	4.0%
Management	$446	1%	11.8%
Educational Services	$362	1%	10.4%
Arts, Entertainment, Rec.	$349	1%	2.3%
Mining	$5	0%	28.6%

3. Employment

Benchmark: Employment as measured by the total number of jobs will increase each year.

Maine's Average Annual Nonfarm Wage and Salary Employment* by Industry Sector 1990-2007



Data Source: Maine Department of Labor, Center for Workforce Research and Information

Maine Employment Continues to Grow Slowly

From 2006 to 2007, Maine experienced a net gain of 2,700 jobs. This is a 0.4% increase and marks the seventh consecutive year of growth below 1%.

As the table on the following page highlights, from 2006 to 2007 four sectors experienced growth greater than 1%: Professional and Business Services (3.1%), Transportation-Warehousing-Utilities (2.4%), Educational Services (4.8%), and Health Care and Social Assistance (1.3%). Together they accounted for approximately 4,100 jobs. Three sectors that posted the greatest losses were Manufacturing (-1.5%), Construction (-1.6%) and Wholesale Trade (-1.4%). Together these sectors accounted for approximately 1,700 lost jobs.

Manufacturing employment has fallen steadily from 1990 to 2007. In 1990 manufacturing was 17.4% of Maine's total employment and by 2007 it was 9.6% of total employment. These losses are consistent with national trends. Two factors influencing this trend are the outsourcing of manufacturing to other regions of the world and advancements in productivity. The net effect has been fewer jobs.

Maine's current investments in areas such as job training, education, and research and development (R&D) are intended to grow the economy and in turn create good jobs. Some of the state's investments in R&D have created new manufacturing niches, such as composite building materials. This has strengthened existing industries such as boat building, wood products, and textiles. All companies, particularly those in new emerging sectors, depend upon a trained workforce. Continued investment in education will prepare Maine's workforce for the future. Advanced training of any type can improve the existing workforce and help those separated from today's economy get reattached.

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*Nonfarm employment figures relate to full and part-time wage and salary workers in pay periods including the 12th of the month.

3. Employment (continued)

Employment Growth in Maine by Sector 2006-2007		
Sector	Jobs Gained	Growth
Manufacturing	-900	-1.5%
Retail Trade	700	0.8%
Health Care and Social Assistance	1,200	1.3%
Leisure and Hospitality	200	0.3%
Government	-100	-0.1%
Natural Resource and Mining	0	0.0%
Construction	-500	-1.6%
Transportation, Warehousing, and Utilities	400	2.4%
Wholesale Trade	-300	-1.4%
Information	100	0.9%
Financial	-300	-0.9%
Professional and Business Services	1,600	3.1%
Educational Services	900	4.8%
Other Services	200	1.0%

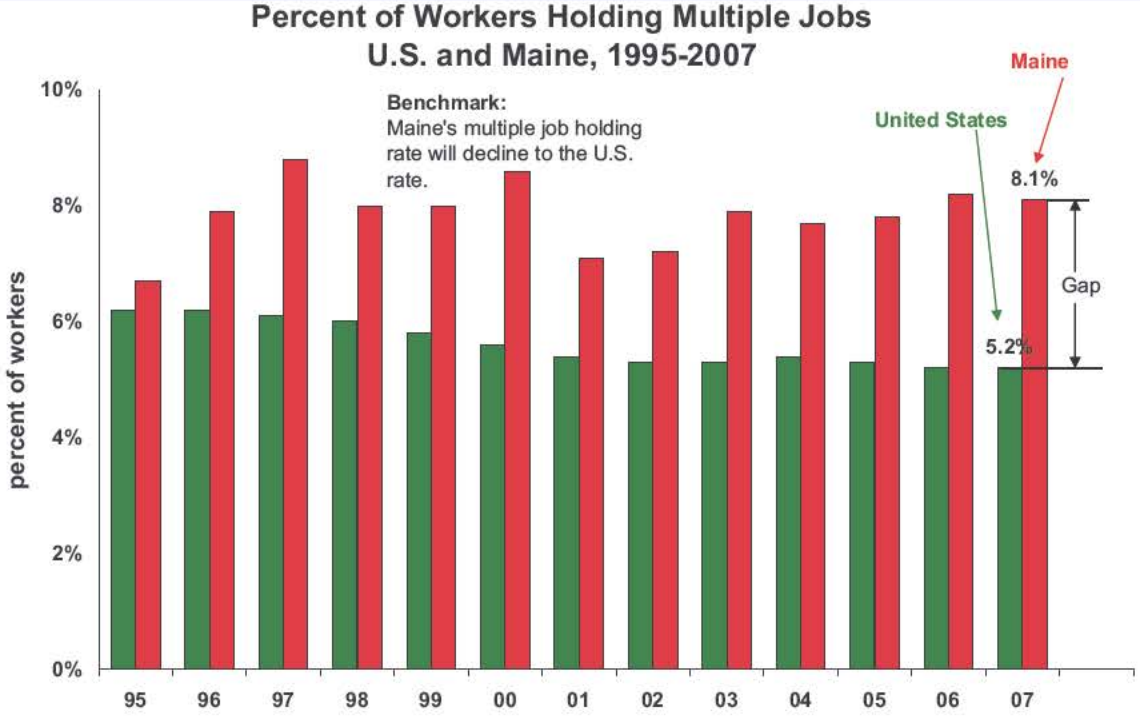
Data Source: Maine Department of Labor, Center for Workforce Research and Information

In light of the recent volatility in the energy market and the prospect of a large federal stimulus package to the states, there is hope that we could see some growth through investment in "green" sectors. This would include expansion of renewable energy generation, advancements in energy efficiency economy-wide, and the supporting services. Employment growth would range from "green collar" jobs (trade focused) to advanced specialties (engineers, scientists, lawyers, etc.). Traditional construction companies have started to realign themselves to enter the emerging renewable energy market.

Although there is real potential for growth in these sectors and any efforts to position Maine to reap some of the benefits are warranted, it is important to keep this in perspective. Advancements in the green economy will ultimately be a part of the overall answer but not the panacea. Investment is also needed to engage workers in today's economy. We cannot forget the needs of the current workforce and the needs of our existing businesses. Any investments should be considered thoughtfully so as to not leave out large segments of the workforce and economy.

4. Multiple Job Holding

Benchmark: Maine's multiple job holding rate will decline to the U.S. rate.



Data Source: U.S. Department of Labor, BLS, and the Maine Department of Labor, Center for Workforce Research and Information

Maine's Multiple Job Holding Rate Remains Above 8%

Multiple job holders hold two or more jobs during a given period or they are self-employed in addition to holding other jobs. In 2007, 8.1% of all Maine workers were multiple job holders. This rate was over 1.5 times the national rate of 5.2% for that same time period. Maine's multiple job holding rate has been higher than the U.S. rate since 1995 and this indicator has not moved toward the benchmark in recent years.

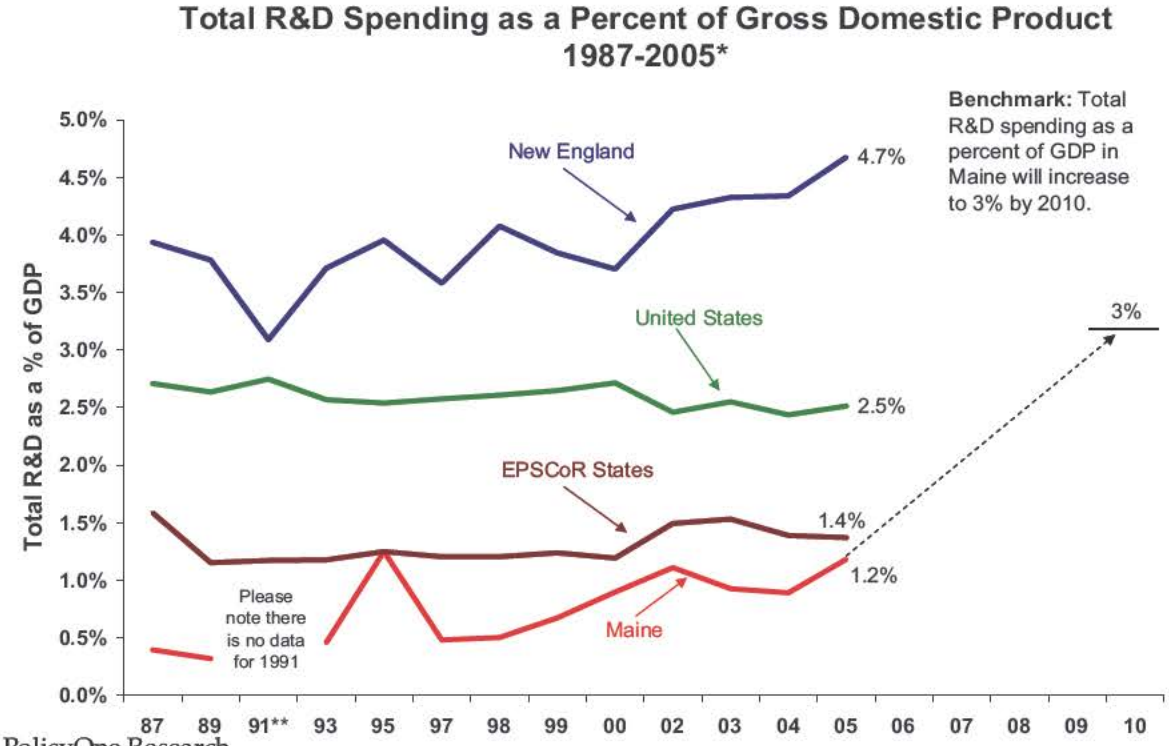
The Growth Council views this measure as a proxy for job quality in Maine. The relatively higher multiple job holding rate in Maine suggests that many jobs are not paying a livable wage or providing adequate benefits to meet basic needs. Other reasons that workers hold multiple jobs include earning extra money, a different experience, and enjoyment of a second job.

The Maine Department of Labor has suggested two reasons why Maine's rate is higher than the national rate: high degree of seasonal work and growth in retail trade and other services where part-time work is prevalent. They also state that it is possible that the rate at which workers hold more than one job in Maine to meet expenses or pay off debt exceeds the national rate due in part to the industrial structure and resultant relatively low average wages of Maine workers. This can negatively affect families as parents are forced to spend more time at work and less time at home.

This indicator reflects, to some extent, stagnant wage growth experienced by workers and declining employer-provided benefits due to the rising cost of health care and insurance.

5. Research and Development Expenditures

★ ⊕ Benchmark: Total R&D spending as a percent of GDP in Maine will increase to 3% by 2010.



Data Source: PolicyOne Research

Research and Development Investment Gradually Increasing

Total R&D investment was 1.2% of GDP in Maine in 2005. This represents approximately half a billion dollars of investment and an improvement from the previous year. Maine's rank among all states was 35th in this measure. This is a considerable improvement from 1997 when Maine ranked 49th in this measure. Bond money and new legislation mandating minimum growth rates in state R&D investment should continue to move this indicator forward in coming years.

This measure compares Maine with other EPSCoR states (Experimental Program to Stimulate Competitive Research - a joint program of the National Science Foundation and 22 states, including Maine), in the U.S. and New England. From 1987 to 2005, Maine has remained below the nation and the region on this measure. This is also true for EPSCoR states, but as the graph shows, Maine is gaining ground.

The Growth Council considers the 3% benchmark the investment necessary to expand Maine's innovation-driven economy and increase competitiveness with the U.S. The benchmark would have been achieved in 2005 with an additional $1.3 billion of investment. The Growth Council believes that a benchmark set at the New England rate was unrealistic, given that the Boston area is one of the R&D capitals of the country. Greater R&D investment, particularly from Maine's private industry, will be necessary to achieve the goal.

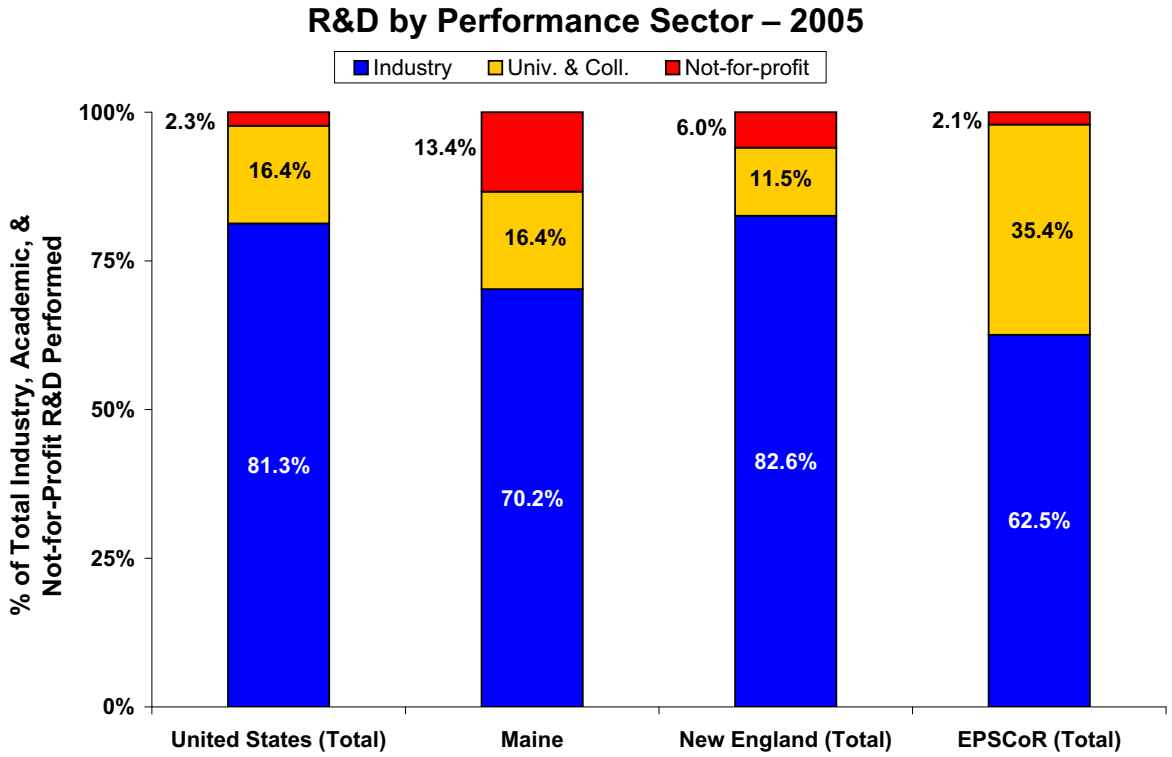
A growing R&D sector in Maine creates wide-ranging economic benefits, chief among them better jobs and increased government revenues. R&D performance is a key measure for gauging Maine's competitiveness in the new knowledge economy.

(continued on next page)

*Note: From 1997-2000 & 2002-2005 chart portrays one-year increments; all other years are in two-year increments.

**Please note there is no Maine data available for 1991.

5. Research and Development Expenditures (continued)



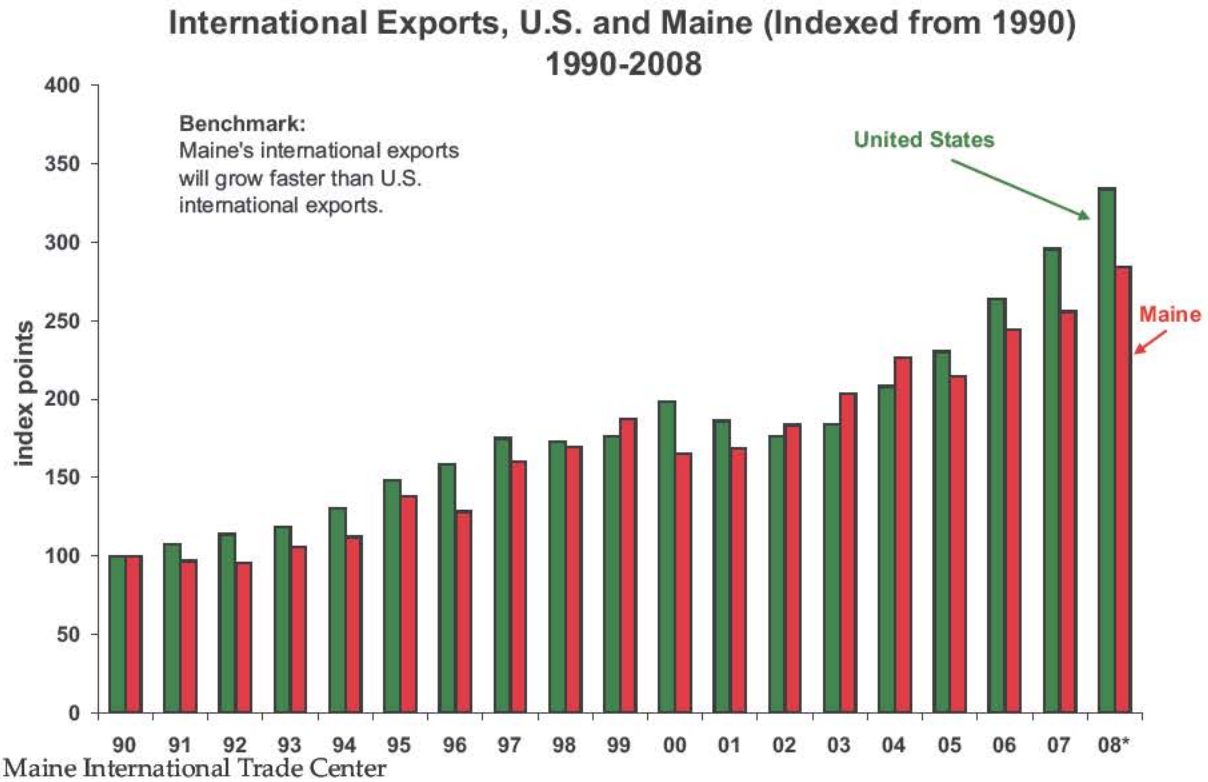
Data Source: PolicyOne Research

R&D happens in three sectors: Not-for-Profit*, Academic, and Private Industry. Relative to the nation, region, and EPSCoR states, Maine has more R&D in the not-for-profit sector. It must be noted that industry directs resources to universities and not-for-profits to perform R&D. It is important to have a large share of R&D investment coming from industry. When industry invests in and performs R&D in Maine, there is a greater chance of commercialization and spinoffs happening in Maine. This will lead to wealth and job creation, growing the Maine economy.

*Not-for-Profit includes only that which is federally funded and therefore the contribution by this sector is understated.

6. International Exports

Benchmark: Maine's international exports will grow faster than U.S. international exports.



Data Source: Maine International Trade Center

U.S. Exports Continue to Grow Faster than Maine Exports

The Maine International Trade Center estimates that Maine exported over $3 billion of commodities in 2008. This was an increase of 11.1% from 2007. This was slightly less than the national growth of 12.8%. From 2004 to 2008, national exports have grown at a faster rate than Maine exports widening the gap seen on the graph. International markets represent real growth opportunities for Maine businesses. It is important for Maine businesses to have access and the ability to meet demand in these markets. It is important for the State of Maine to continue building international relationships in order to identify market opportunities for Maine businesses.

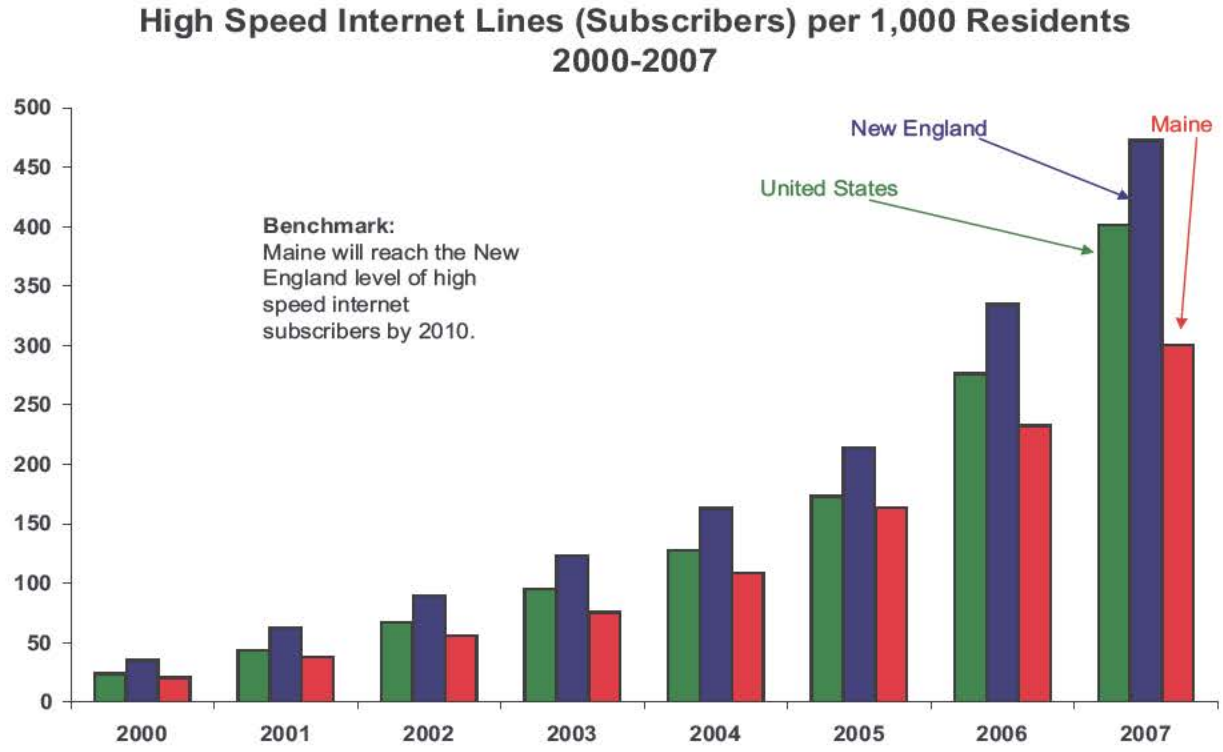
By commodity grouping, Maine's natural resource-based industries saw growth in exports. From 2007 to 2008, Forest Products exports are estimated to have grown by 3% and Fish, Crustaceans & Aquatic Invertebrates exports are estimated to have grown by over 11%. Electric Machinery exports were estimated to have grown by over 6%.

Maine's top trade partner continues to be Canada (31%), followed by Malaysia (28%), Saudi Arabia (5%), the Republic of Korea (5%), and Mainland China (4%). The remaining 27% of exports are purchased by over 170 countries worldwide.

Maine's Major Exported Commodities, 2008 in Millions of Dollars		
Commodity	2008	2008 Percent of Total
Electric Machinery Etc; Sound Equip; Tv Equip; Pts	895	29%
Forest Products Sub-Total	882	29%
Paper & Paperboard	*378*	*12%*
Pulp Of Wood Etc.	*267*	*9%*
Wood And Articles Of Wood	*237*	*8%*
Vehicles, Except Railway Or Tramway, And Parts Etc	300	10%
Fish, Crustaceans & Aquatic Invertebrates	206	7%
Industrial Machinery, Including Computers	144	5%
Ships, Boats And Floating Structures	17	1%
Other	612	20%
Total Exports	3,055	100%

7. High Speed Internet Subscribers

Benchmark: Maine will reach the New England level of high speed internet subscribers by 2010.



Data Source: PolicyOne Research

High Speed Connectivity in Maine Grows at a Slower Rate than Region and Nation

There were approximately 300 high speed internet subscribers per 1,000 residents in Maine in 2007. This represents growth of 29% from the previous year and growth of just over 300% since 2003.

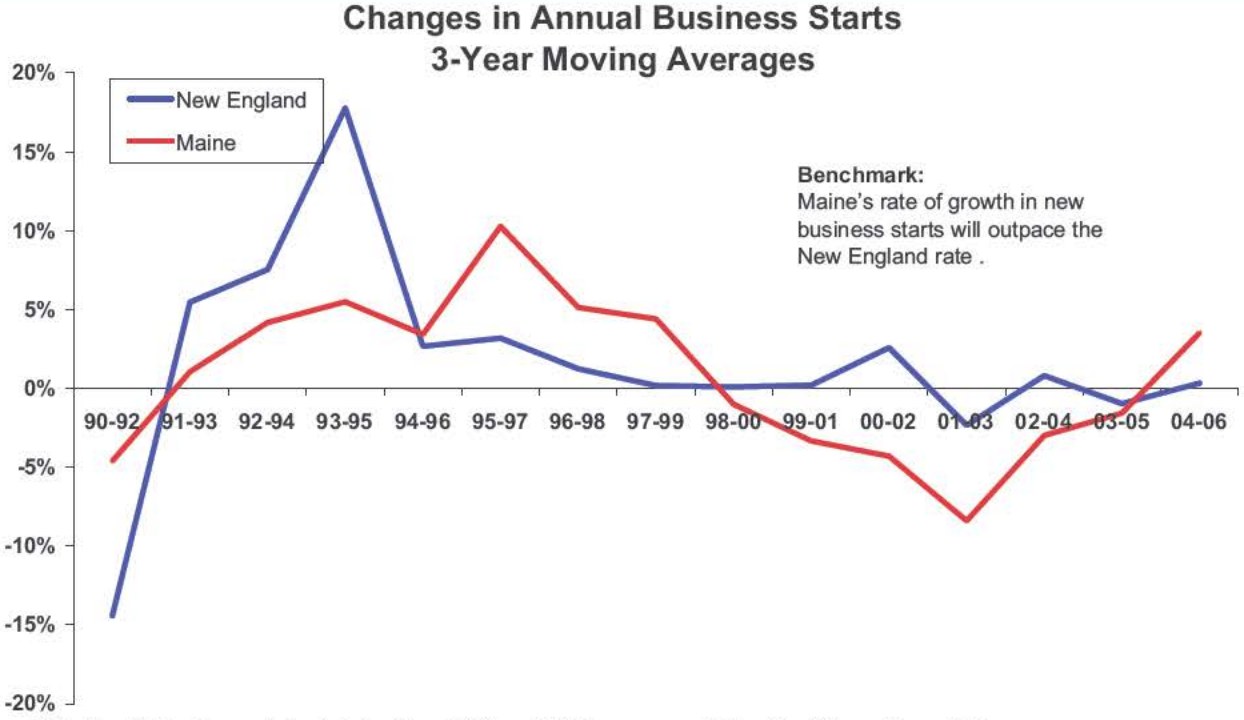
Despite increased subscriber numbers, Maine still trails the region and nation in this measure. This gap increased between 2006 and 2007. In 2007, there were 472 subscribers per 1,000 residents in New England and 401 in the nation. This represents subscriber growth of 41% and 46% respectively from the previous year.

Internet access is a challenge in low-density population states like Maine. This not only affects rural residents and businesses but those all over the state, living in pockets just outside of internet and cable service areas. Service providers make infrastructure investments based on population numbers. They often set a minimum density level for areas where they make investments. The technology requires customers to live within a certain distance of this infrastructure. Beyond this distance, customers are unable to receive the service. This applies to both wire and wireless service. There are other options available, such as satellite service, but the user may need to make a substantial upfront investment.

Expansion of internet and telecommunication technology is essential for economic growth and the well being of Maine's residents. This technology allows companies to compete in the greater global economy and provides opportunities for Maine's entrepreneurs to live in communities across the state and make a living. This technology also creates educational opportunities, improves health care delivery, and keeps people connected with the rest of the world, regardless of where they live. Investments in all forms of connectivity infrastructure are critical as Maine seeks to integrate and compete in the global economy.

8. New Business Starts

Benchmark: Maine's rate of growth in new business starts will outpace the New England rate.



Data Source: U.S. Small Business Administration, Office of Advocacy and the Kauffman Foundation

Maine New Business Starts Gaining Ground

An update for this indicator was not available at the time of publication. Additional information has been added to the narrative that provides more insight into the Small Business Administration's numbers.

In 2006, 4,497 new businesses started in Maine. This is an increase of 5.5% from the previous year, and much better than the New England region where new business starts were down by 3.1% for that same period. Maine lagged behind New England in this measure from the late 1990s until the early part of this decade.

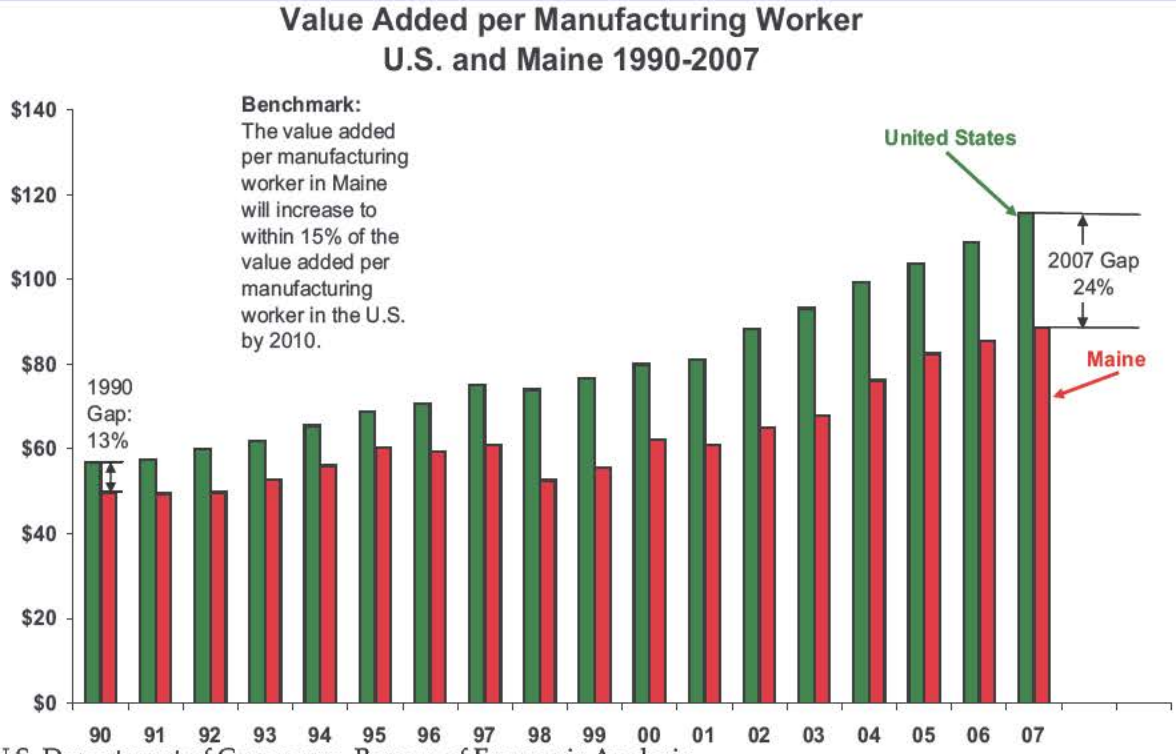
It is important to note that this measure does not consider the number of business failures, acquisitions or mergers. It is the number of businesses each year that are a "new registration" with the state, or an applicant for a new account number with the state's Bureau of Unemployment Compensation. Also, the data presented here reflects only new businesses that have at least one employee other than the owner. New business starts are important because they can add jobs to the economy. They are also an indicator of economic vitality.

The Maine Department of Labor in a recent research brief entitled "Tracking New Businesses in Maine" provides additional insight into the business starts data. They found that the one year survival rate for businesses started in 2005 was 88%. From 2005 to 2006, employment growth in these surviving start up businesses was 7%, which exceeded the state's average job growth rate during this period. While the average quarterly wage paid by new business starts was lower than the state average in 2005, the average quarterly wage paid by business starts grew at a faster rate (i.e. 5.1% vs. 2.7%) than the state average during the period 2005 2006. During this time, the average quarterly wage grew $308 for new business starts and the state average quarterly wage grew by $233.

Another subset of this indicator measures entrepreneurial activity or businesses started by those 20 to 64 in age who have not previously owned a business. New entrepreneurial activity is a positive indicator of economic vitality and innovation. According to the Kauffman Foundation's Entrepreneurial Index, and as reported in the Maine Office of Innovation's 2009 Maine Innovation Index, Maine out performed both New England and the U.S. in 2006. New data for 2007 reports a decline in entrepreneurial activity in Maine, placing it lower than New England and the nation.

9. Manufacturing Productivity

Benchmark: The value added per manufacturing worker in Maine will increase to within 15% of the value added per manufacturing worker in the U.S. by 2010.



Data Source: U.S. Department of Commerce, Bureau of Economic Analysis

Gap Remains the Same between Maine and U.S. Manufacturing Productivity*

In 2007, a manufacturing sector worker in Maine produced on average $88,529 of product. This represents an increase of $3,140 from the previous year, or a 3.7% increase. During the same time period, U.S. manufacturing productivity experienced growth of $6,921 per worker or a 6.4% increase for a per worker contribution of $115,727.

Both Maine and the United States have experienced consistent increases in worker productivity over time. However, the 24% productivity gap in 2007 between the United States and Maine is approximately the same size gap that has existed since 1998. In that time, Maine has not made any positive advancement on the benchmark for this indicator. In order for Maine manufacturers to remain competitive, they must improve their productivity relative to the rest of the nation. If they do not, they will lose business to those companies that can. This has serious implications for the Maine economy. Despite declines in manufacturing employment the sector's overall contribution to GDP is still large at 13% or $5.1 billion. Improvements in productivity come about from capital improvements and investments in worker training and education that add value to the product. These investments must be stepped up if Maine is to close the gap with the U.S. and remain competitive.

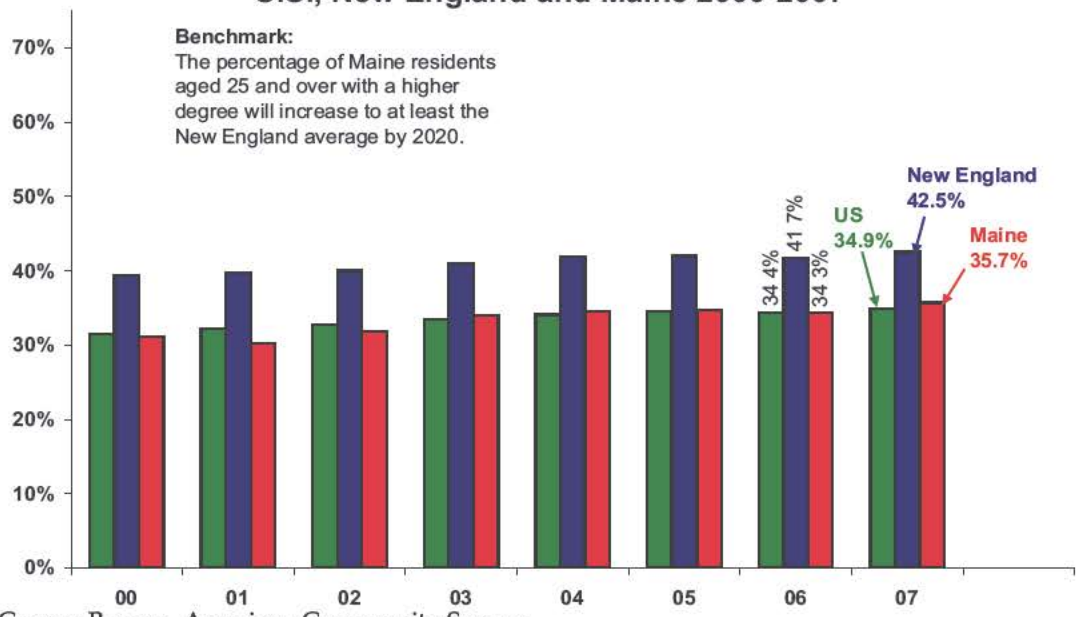
In 2006, the legislature created a Personal Property Tax Exemption effective April 1, 2008. Under the new law, businesses will receive an exemption from municipalities rather than a reimbursement after payment (as was the case under the Business Equipment Tax Reimbursement program). The hope is to create a greater incentive for businesses to make capital investments as they will no longer need to seek reimbursement. Additionally, some Maine manufacturers are investing more time and resources into their employees' professional development. This provides employees with the skills they need to succeed while building a stronger and more cohesive worker base.

*Productivity is calculated by dividing the total number of manufacturing employees into value added by the manufacturing sector in Maine. Value added is defined as the amount contributed by the sector to the state's Gross Domestic Product. Employment figures do not reflect all manufacturing employees, as some types of manufacturing activities are increasingly outsourced to companies in the "service sector" such as employment contractors.

10. Higher Degree Attainment

Benchmark: The percentage of Maine residents aged 25 and over with a higher degree will increase to at least the New England average by 2020.

Higher Degree Attainment Among Residents Aged 25 and Over U.S., New England and Maine 2000-2007



Data Source: U.S. Census Bureau, American Community Survey

No Significant Change in Share of Higher Degree Holders in Maine

In 2007, just over one-third, or 35.7%, of people in Maine age 25 and over held an associate, bachelor or advanced degree. This is slightly ahead of national numbers of 34.9% and continues to fall below the New England region where just over two-fifths, or 42.5%, of people hold a higher degree.

Associate degrees make up a larger share of the higher degree pool in Maine than in New England or the nation. Bachelor's degrees account for approximately half of all higher degrees in all three areas. Maine lags New England and the nation in share of degree holders with graduate and professional degrees. Higher degree attainment in Maine has increased slowly over the last six years keeping pace with national numbers. However, Maine has not made any significant progress toward the New England numbers and the benchmark.

Higher education is a critical factor in Maine's economic development. An educated workforce is central to Maine's competitiveness in an era of rapid knowledge advancement around the globe. An educated workforce is a critical consideration for businesses looking to locate and expand in Maine. Educated workers have greater earning potential, particularly those with advanced degrees as the graph on the following page shows.

While higher degree attainment is certainly a means of improving the lives of Maine workers and the Maine economy, it must be noted that any training opportunity is valuable for employees and employers. Traditional degree tracks are not always appropriate for the stage of an employee's life and access and availability vary. The higher education system, particularly the Community College System, continues to be flexible and responsive to the needs of the population and workforce. Programs like the Maine Employers' Initiative work with the state's employers to help their employees receive advanced training by identifying approaches and resources. Employers themselves have invested

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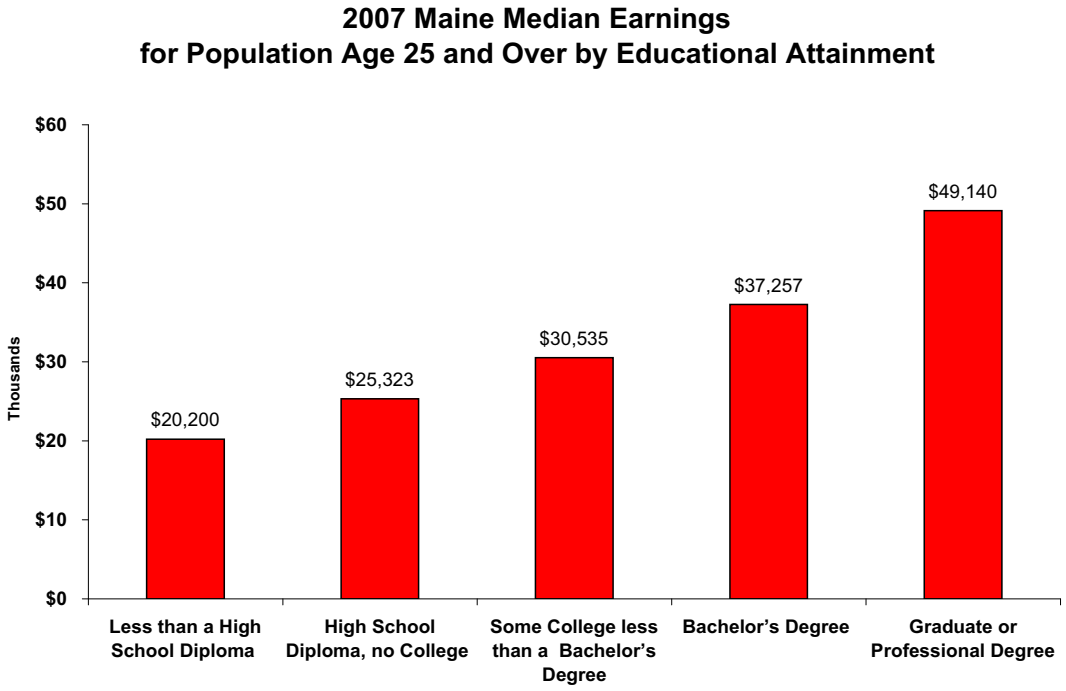
10. Higher Degree Attainment (continued)

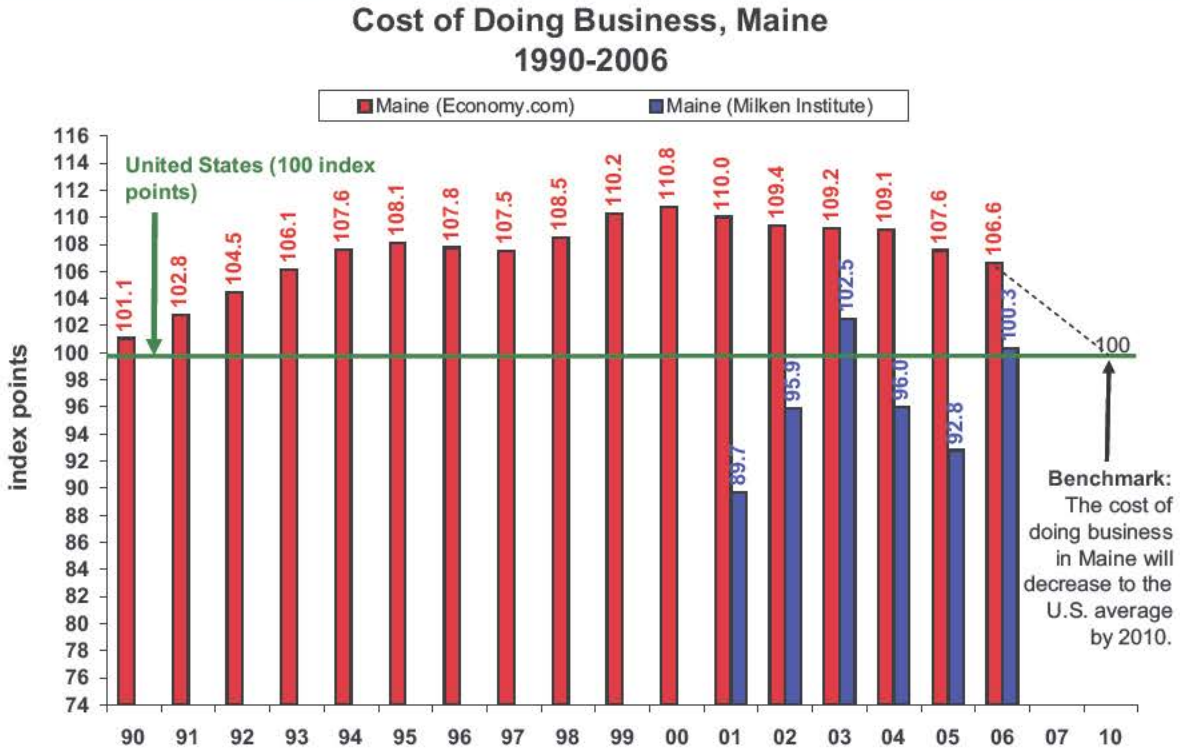


more time and money to get their people the training needed to keep them competitive and growing. This public-private approach is what is needed to give more of the workforce the advancement opportunities they need.

The benchmark for this measure is set to the goal of the Maine Compact for Higher Education. The Compact's goal is to match New England's higher education attainment by 2020.

11. Cost of Doing Business

Benchmark: The cost of doing business in Maine will decrease to the U.S. average by 2010.



Data Source: Economy.com, Cost of Doing Business 13th Edition, 2007 and the Milken Institute, 2007

Maine Making Steady Improvements in High-Cost Region

Updated data was not available at the time of publication. This is the same data used for the previous publication.

In 2006, Maine's cost of doing business was 6.6% higher than the nation according to the Economy.com cost index. This index ranks Maine eighth highest in the nation. The measurement is constructed from labor costs (75%); energy costs (15%) and tax burden (10%). A similar index created by the Milken Institute ranks Maine 17th in the nation and just slightly higher than the nation in cost (Milken index includes rents in their calculation).

The cost of doing business is a major consideration for businesses looking to locate or expand in the state. Maine wants to be competitive regionally and nationally. Although Maine is in the top 10 nationally, it does not distinguish itself regionally. New England as a region has a higher cost of doing business than other regions in the nation. According to Economy.com, Massachusetts (3), New Hampshire (6), and Connecticut (7), all ranked higher than Maine in 2006. Vermont (9) and Rhode Island (11) ranked only slightly better. For 2006, the Milken Index ranks all five other New England states higher than Maine.

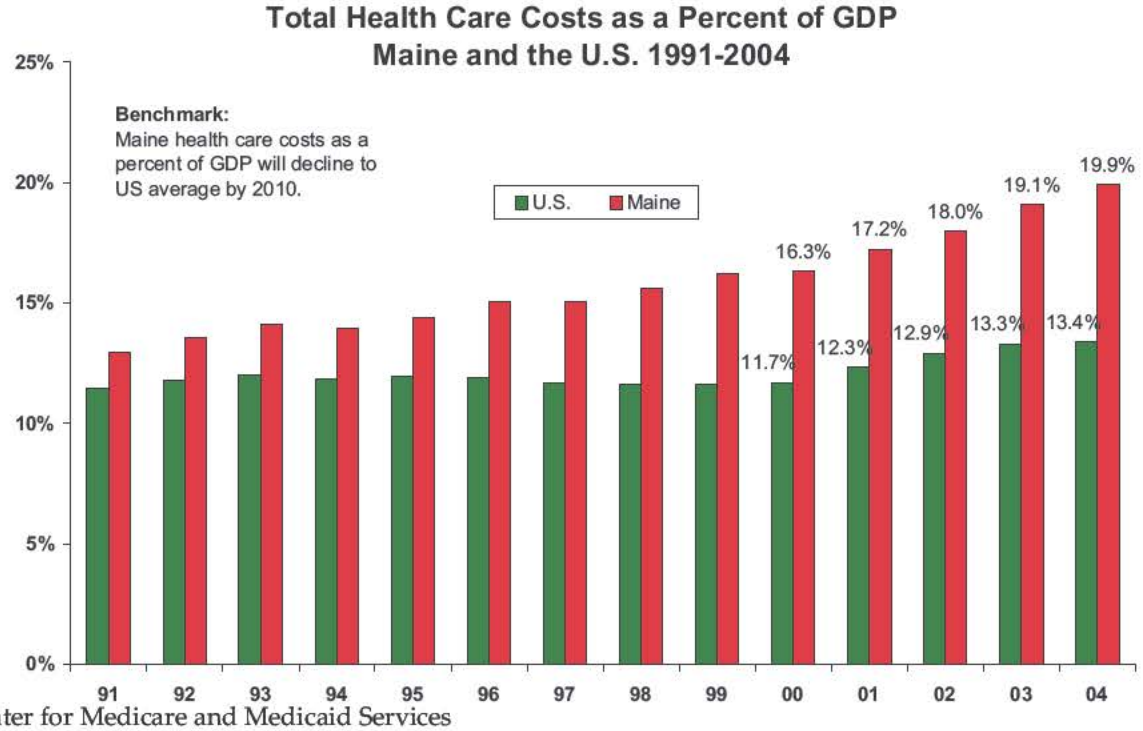
From 2000 to 2006, Maine improved each year on this measure and continues to make progress in reaching the benchmark. This may become more difficult as energy prices continue to rise regionally, but is a positive trend nonetheless.

Cost of Doing Business National Rankings
Maine 1995-2006

	95	96	97	98	99	00	01	02	03	04	05	06
Economy.com	8	8	8	8	5	5	6	5	5	5	9	8
Milken							36	23	16	19	28	17

12. Cost of Health Care

Benchmark: Maine health care costs as a percent of GDP will decline to U.S. average by 2010.



Data Source: Center for Medicare and Medicaid Services

The High Cost of Health Care Remains a Critical Problem

In 2004, total health care expenditures for Maine people amounted to just less than 20% of state Gross Domestic Product (GDP). This represents an increase from the previous year and an increase from 1991 when health care costs represented 13.0% of Maine's GDP. In comparison, the U.S. average was 13.4% in 2004, representing a slower increase from the 1991 level of 11.4%.

Looking at past per capita expenditures starting in 1991, the national average was slightly higher than Maine until 1996. From 1996 until 2004, Maine exceeded the national average and the gap widened each year. By 2004, Maine per capita health care expenditures were $6,540 compared to $5,280 nationally.

Although new state-level data is not available beyond 2004, national data allows for estimates through 2007. The federal Center for Medicare and Medicaid Services (CMS) estimated that national health care spending was 16.3% of national GDP in 2007. By 2017, it is forecasted that national health care expenditures will reach $4.3 trillion or 19.5% of national GDP. Annual spending on a national level is forecasted to grow at a higher rate than GDP and inflation for the next decade. Based on the relationship in the graph, health care costs in Maine should also continue to grow at a higher rate than GDP growth and represent an ever increasing share of the economy for the same period.

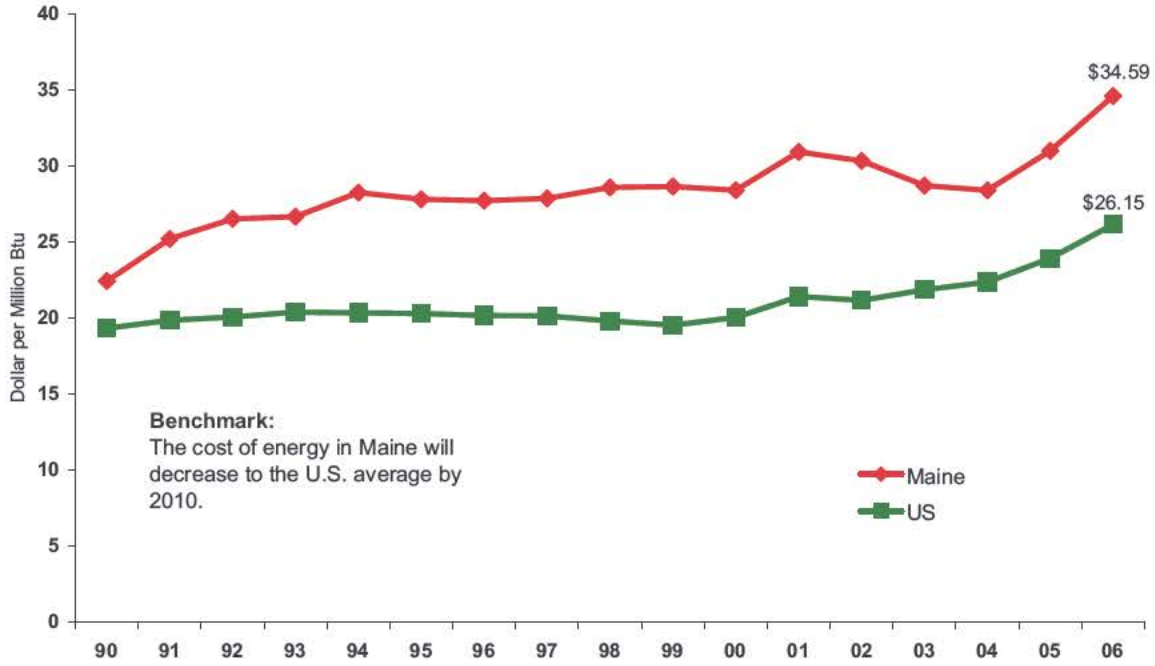
This indicator is of great concern because it has moved away from the benchmark at a steady incline and there is every indication that this trend will continue should nothing change. Rising health care costs are a burden on Maine's people and businesses. Factors driving these costs include expensive new treatments, inefficiencies in health care delivery, an aging rural population, and overall health status. High costs are an obstacle to accessing care and as a result can lead to poor health. Poor health adversely affects families and communities, interrupts education, and lowers business productivity. Poor health affects every aspect of life.

While the CMS updates national figures annually, it does not update state figures on a regular basis and it is not clear when the next update will be available. The Maine Health Data Organization's (MHDO) all-payer claims database has recently been completed and will provide a basis for tracking health care spending in Maine. Further, the legislature has charged an advisory group, the Advisory Council on Health System Development (ACHSD), with conducting an annual study of health care cost drivers and making recommendations to reduce the rate of growth. The ACHSD will present an analysis using the new MHDO data in spring 2009.

13. Cost of Energy

Benchmark: The cost of energy in Maine will decrease to the U.S. average by 2010.

Retail Electricity Price Maine and U.S.: 1990-2006



Data Source: Energy Information Administration (EIA)

Price of Energy a Concern for Maine Businesses and Residents

The cost of energy remains an area of great concern for Maine and this indicator has received a red flag for a second year. The data displayed in this chart is the average retail price of electricity consumed in the residential, commercial, industrial, and transportation sectors, as reported by the federal Energy Information Administration (EIA).

The most recent data for 2006 shows the average retail price of electricity in Maine was at $34.59/million Btu. This was 32% higher than the average U.S. price of $26.15/million Btu. The price gap between the U.S. and the nation has widened since 1990 when the difference was 16%. It must be noted that this is a conservative estimate. Central Maine Power reports higher industrial prices for Maine than EIA, meaning that the difference between Maine and the U.S. might be greater.

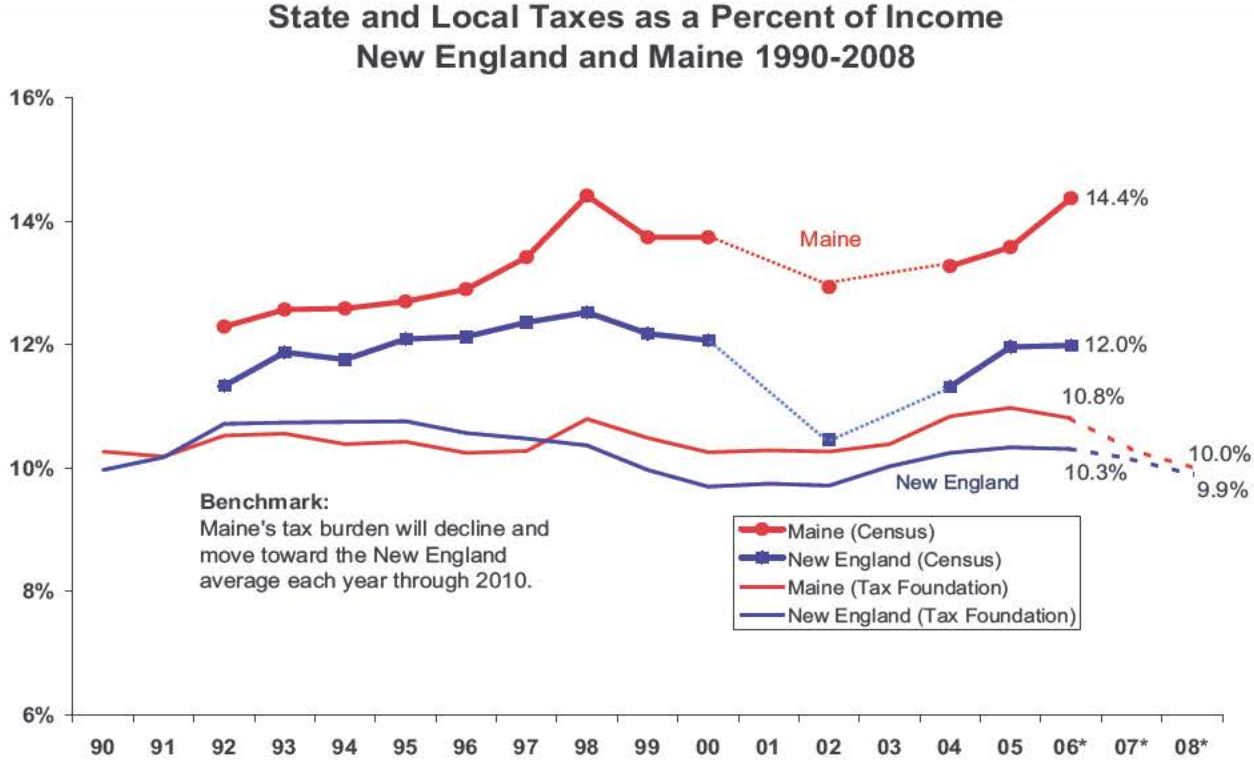
Energy costs in New England have always been high relative to the nation. In recent years, rising gas and oil prices have driven the cost of energy even higher. This affects residents and businesses. Businesses, particularly manufacturers, weigh the cost of energy heavily when making decisions to locate and expand. This puts Maine and the region at a competitive disadvantage relative to the nation.

The cost of energy in Maine is subject to a volatile world petroleum market. Because of Maine's dependence upon oil and natural gas for electricity production, home heating and transportation, this leaves the state vulnerable to petroleum price fluctuations and changing world politics. As a result, there is little that can be done within the state to affect these prices. To gain more control and become more energy secure Maine must become less dependent upon petroleum. This can be accomplished in two broad ways. First, use less energy through efficiency measures. Second, diversify our energy portfolio and be less reliant on any one source.

Home Heating Sources 2000 (share of households)		
	Maine	U.S.
Natural Gas	4%	51%
Oil	80%	9%
Electricity	4%	30%
Liquid Petroleum	5%	7%
Other	7%	3%

14. State and Local Tax Burden

Benchmark: Maine's tax burden will decline and move toward the New England average each year through 2010.



Source: U.S. Census Bureau and Tax Foundation

Maine's State and Local Tax Burden Unchanged

The tax burden is the average amount of state and local taxes a taxpayer pays for every $100 of income earned, reported as a percent. The U.S. Census 2006 estimates show that Maine's total state and local Tax Burden rose from 13.6% in 2005 to 14.4% in 2006. Tax Foundation calculations show Maine's state and local tax burden at just under 11% for 2006. The Tax Foundation projections, based on growth assumptions, predict a decline to 10% by 2008. Both sources show the average tax burden across New England has been lower than Maine for a decade.

Differences in the two measures are due to adjustments the Tax Foundation makes to the Census data. Census estimates are calculated by dividing total in-state taxes by total in-state income. The Tax Foundation makes adjustments to those numbers to account for a state's effort to "export" taxes. For Maine, the majority of exportation happens with out-of-state homeowners who pay in-state property taxes for second homes. The Tax Foundation adjusted their model to better account for this phenomenon nationwide. As a result, Maine's numbers have declined.

Taxes are a cost and consideration for businesses. Taxes also pay for some services valued by businesses, such as education and transportation. Maine would like to be competitive. Looking at the individual New England states, Census data shows that New Hampshire has had the lowest tax burden in the region and one of the lowest in the nation. Vermont and Rhode Island have had tax burdens closer to Maine. This is supported by Tax Foundation estimates.

Maine has not made significant movement toward the benchmark according to both data sources. Lowering the tax burden requires spending cuts, increased income or both. Both these components of burden are tied to other factors in the economy and indicators in this report.

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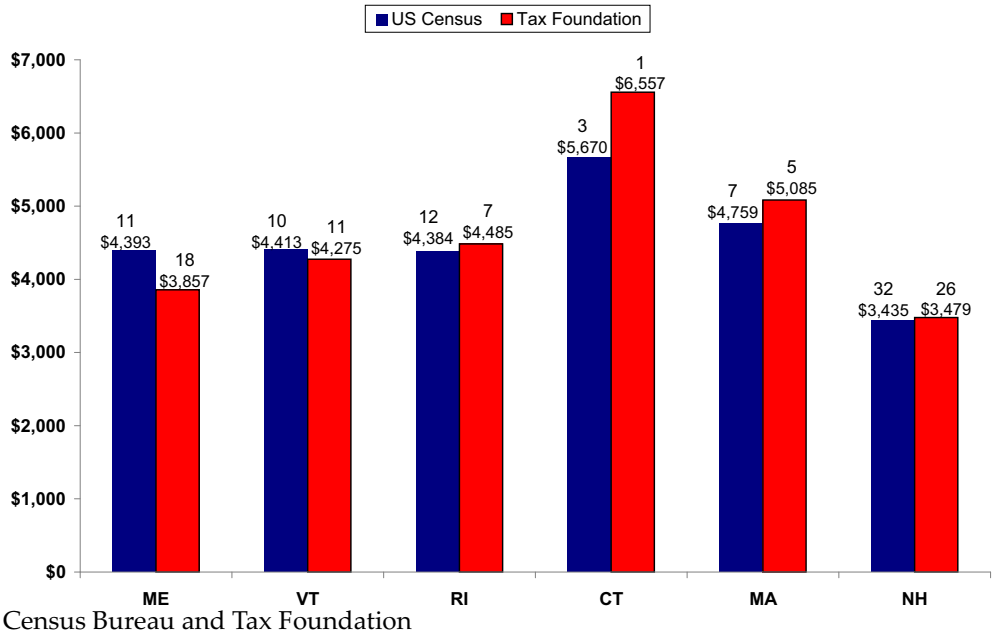
14. State and Local Tax Burden (continued)

Per Capita State & Local Taxes and National Ranking 2006

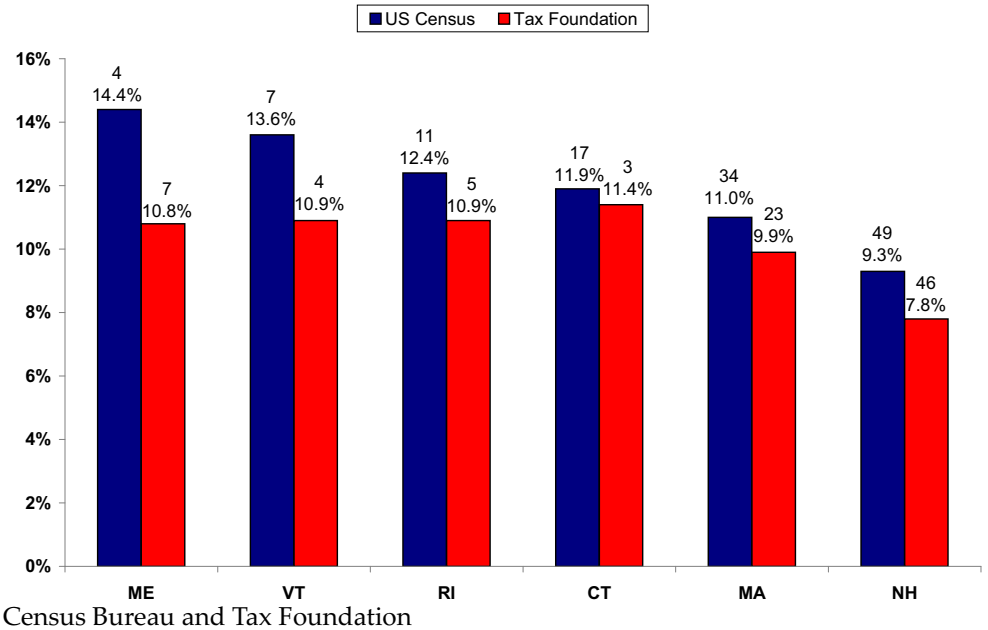


Source: U.S. Census Bureau and Tax Foundation

Income plays a large role with this measure. As an example, removing income from the measure and looking at per capita taxes, U.S. Census data shows Maine ranked 11th in the nation in 2006. Connecticut (3), Massachusetts (7), and Vermont (10) all had higher per capita taxes. Rhode Island (12) and New Hampshire (32) had lower per capita taxes. On average, in 2006, a Maine taxpayer was paying approximately $958 more in state and local taxes than a New Hampshire taxpayer and $1,277 less each year than taxpayers in Connecticut.

Spending also plays a large role. This is complicated by the fact that the cost of health care, energy, and education continue to rise faster than incomes and in turn tax revenue. The State of Maine is engaged in a number of exercises to cut and streamline service delivery to address a growing structural budget gap.

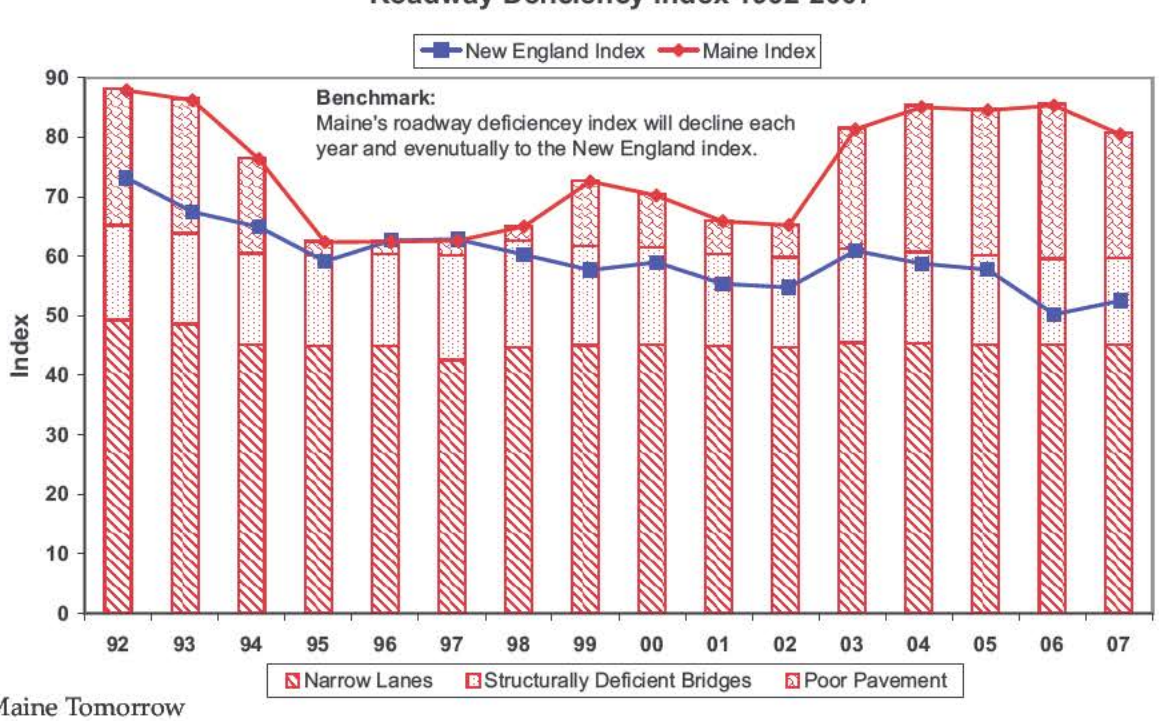
State & Local Tax Burden and National Ranking 2006



Source: U.S. Census Bureau and Tax Foundation

15. Transportation Infrastructure

Benchmark: Maine's roadway deficiency index will decline each year and eventually to the New England index.



Data Source: Maine Tomorrow

Maine's Roadways Slowly Improving – More Investment Needed

The Roadway Deficiency Index shown above is a composite measure of the percentage of pavement in poor condition, the percentage of bridges that are structurally deficient, and the percentage of road mileage that has lanes narrower than 11 feet. (Note: a road that has lanes narrower than 11 feet has not been built to modern standards.)

The graph shows that Maine's roadways continue to be in worse condition than the region's roadways as a whole. The index shows a slight improvement from 2006 to 2007. Poor pavement conditions in Maine result in higher operating costs for vehicles using the roads, increased crash rates, and ultimately higher construction costs to return the pavement to good condition. MaineDOT estimates that the state will have to invest an additional $220 million a year for the next decade to address the overall system issues. The federal economic stimulus package will mean more money for Maine and other states.

Having quality transportation infrastructure is critical for economic growth. Like telecommunications infrastructure, transportation infrastructure connects people and facilitates economic activity. Approximately 85% of Maine's freight and 95% of all passenger movement takes place on Maine roads. Improvements in all modes of transportation – roads, rail, air, and ports – make Maine more attractive to those interested in doing business here, and network Maine to the wider world.

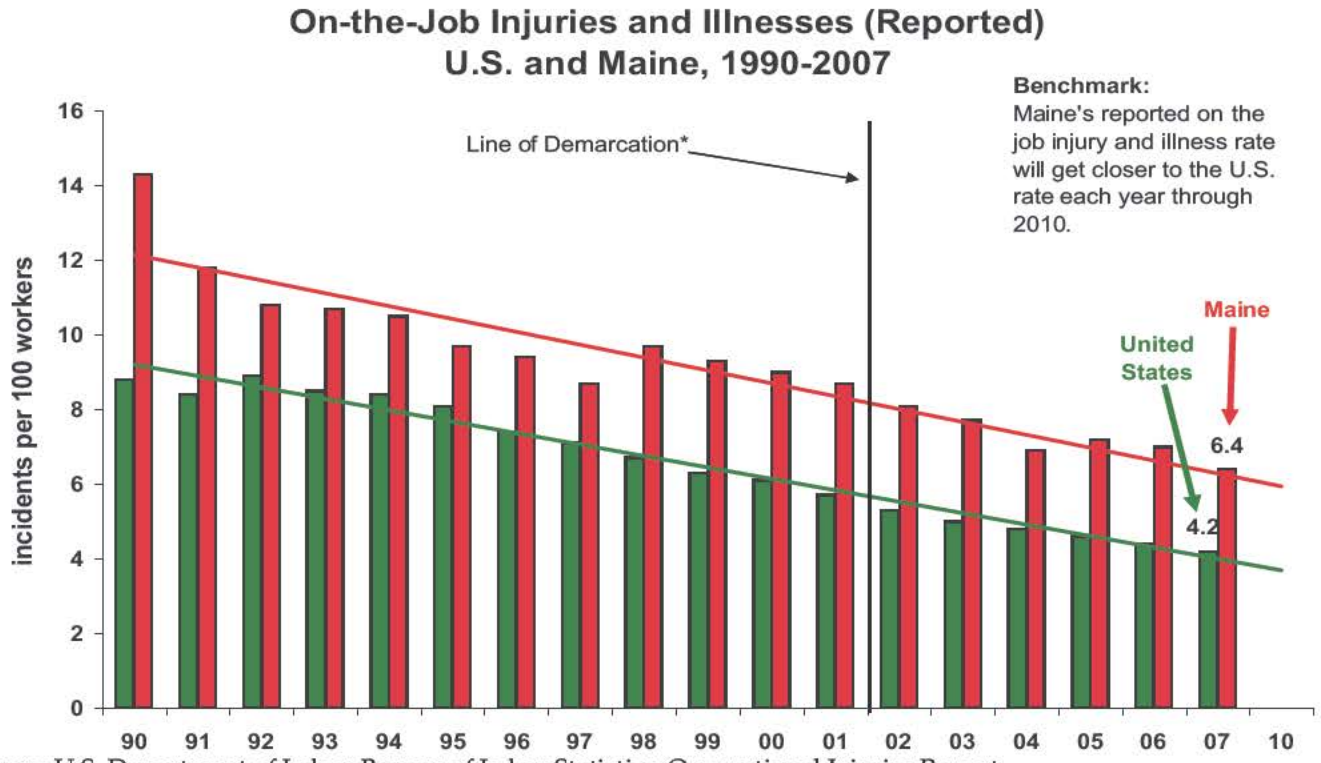
The structurally deficient bridge measure is the proportion of Maine's bridges that are eligible for replacement using Federal Highway Administration Bridge Replacement and Rehabilitation Program funds. Bridges can also be functionally obsolete, which means they may need more lanes, wider shoulders, etc. MaineDOT estimates a need for $50 to $65 million a year for the next decade to repair and replace hundreds of old and deficient bridges.

Narrow lane roads are roads that have not been built to modern standards, and serve as a proxy for posted roads, for which no comparative data exists. Roads not built to modern standards impact industries that depend on moving heavy loads during the spring thaw months, such as the pulp and paper industry. In Maine, roughly 1,600 to 2,000 miles of roads, 16-23% of the total state roads, are posted each spring. This can essentially shut down industries for weeks, reducing productivity.

Policy makers will have to cope with the volatility of crude oil prices and other commodities that drive up construction costs. Rising fuel prices lead to people driving less, a desirable effect when considering traffic congestion and air quality, but this also means less fuel tax revenue – the primary source of highway funds.

16. On-the-Job Injuries and Illnesses (Reported)

Benchmark: Maine's reported on-the-job injury and illness rate will move closer to the U.S. rate each year through 2010.



Data Source: U.S. Department of Labor, Bureau of Labor Statistics, Occupational Injuries Report

Maine and National Rates** Continue to Decline

In 2007, there were 6.4 reported injuries and illnesses for every 100 full-time Maine industrial workers, down from 7.0 per 100 workers in 2006. During that same time period, the number of incidents in the United States dropped from 4.4 to 4.2 per 100 workers.

It is important to note the correlation between Maine's industry make-up and on-the-job injuries and illnesses. The decrease in Maine's rate of job injuries and illnesses is related to the shrinking of manufacturing industries over time, many of which traditionally had hazardous working environments. The institution of workplace safety programs across the state has also contributed to the reduction of injury and illness rates.

The vitality of the workplace and larger community is negatively affected by injuries and illnesses that occur on the job. Workplace safety is an important component of long-term economic growth. Injuries translate directly into increased health costs and decreased output.

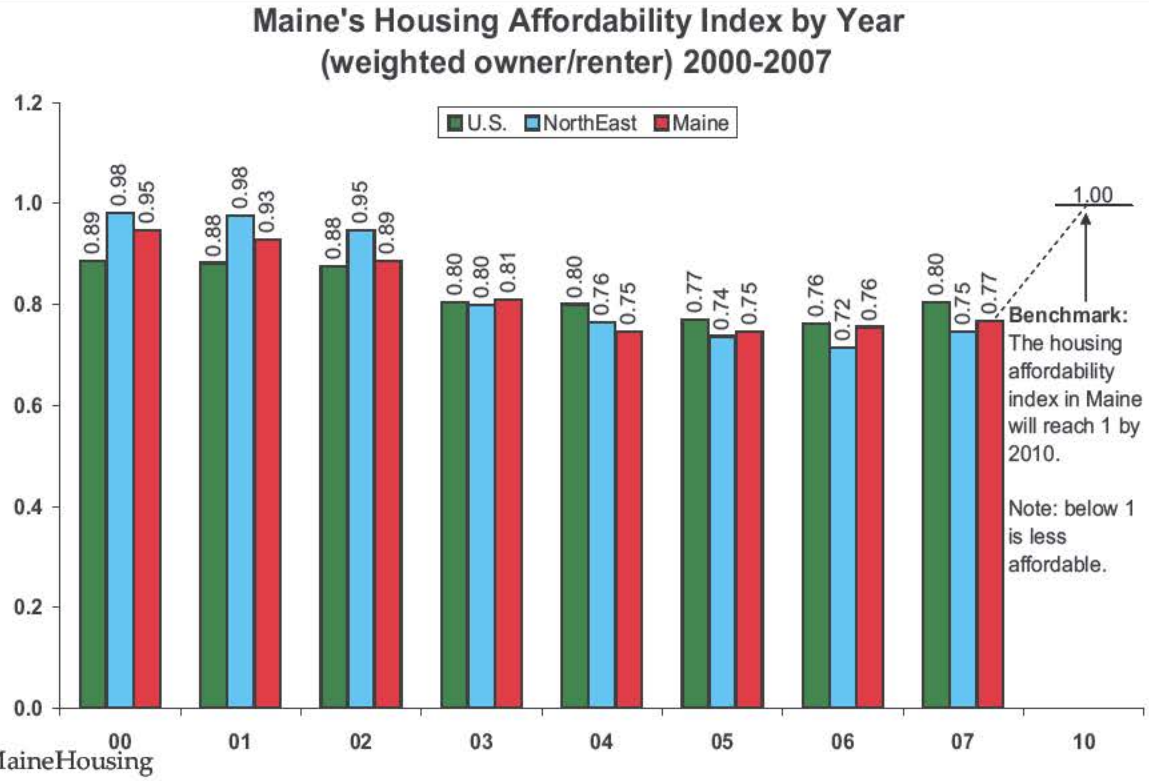
The data upon which this measure is based includes all types of work-related injuries and illnesses required to be recorded by the Occupational Safety and Health Administration (OSHA). OSHA defines an injury or an illness as an abnormal condition or disorder. Injuries include cases such as, but not limited to, a cut, fracture, sprain, or amputation. Illnesses include both acute and chronic illnesses, such as, but not limited to, a skin disease, respiratory disorder, or poisoning. While workplace injuries and illnesses may go unreported, many Maine manufacturers, for example, have taken recent steps to increase emphasis on safety and on reporting injuries.

*Effective January 1, 2002, OSHA revised its requirements for recording occupational injuries and illnesses. Details about the revised requirements, including a summary of the revisions and a comparison between the old and new requirements, are available from the OSHA web site at http://www.osha-slc.gov/recordkeeping/index.html.

**OSHA recordable incident rate for the State of Maine for public and private sector establishments.

17. Affordable Housing

Benchmark: The housing affordability index in Maine will reach 1 by 2010.



Data Source: MaineHousing

Housing Affordability Remains an Obstacle for Mainers

There was no significant movement on this indicator from the 2006 to 2007. This remains the case for the Northeast region and nation as well. This measure is not making progress toward the benchmark and since 2000 has moved in the wrong direction.

The index used here is the weighted average of MaineHousing's homeownership affordability index* and rental affordability index**, with the weighting based on the relative numbers of homeowner and rental households.

In the graph above, the higher the index, the more affordable housing is; the lower the index, the less affordable. It can be seen that in Maine, as in the Northeast and U.S. as a whole, housing has become less affordable over the last few years.

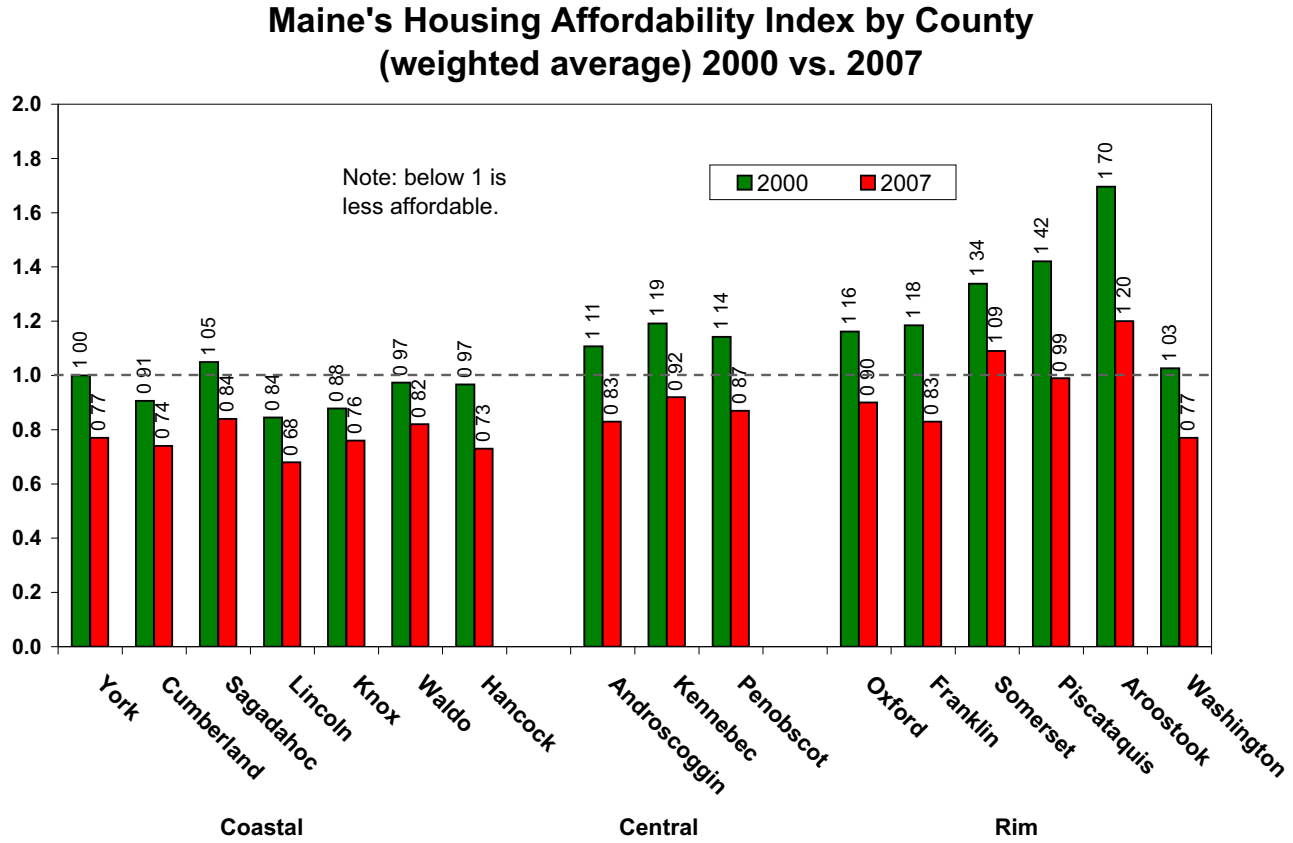
Low housing affordability creates a drag on the economy. It decreases consumer spending as people must pay more for their homes or apartments. It also impacts the community and the environment. In most of Maine's employment centers, high housing costs are forcing people to commute long distances because they can't afford to live in the same communities in which they work. This contributes to sprawl, including increased traffic problems, highway maintenance costs, and dependence on fossil fuels.

(continued on next page)

*The homeownership affordability index is the ratio of the home price that a Maine household at median income can afford to the actual median home price. A home price is considered to be affordable if no more than 28% of monthly gross income is needed to cover payment on a 30-year mortgage with a 5% down payment (including taxes, homeowners insurance, and private mortgage insurance).

**The rental affordability index is the ratio of the rent that a Maine renter household with median renter household income can afford to the actual average rent for a two bedroom apartment, including utilities. A rental is considered to be affordable if no more than 30% of gross monthly income is needed to cover the rent. In this index, median rental household income is used rather than median household income generally, because typically the median income of renter households is 25 to 35% less than households overall.

17. Affordable Housing (continued)



Data Source: MaineHousing

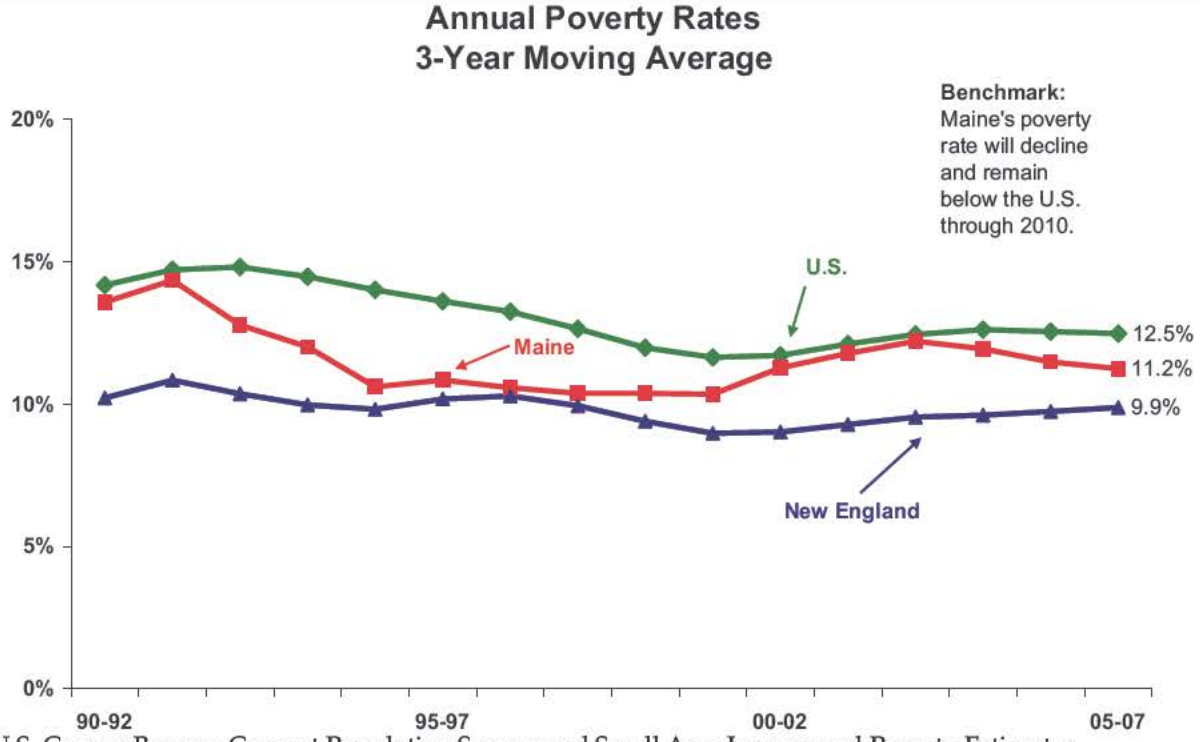
The housing situation will be further exacerbated by the current economic environment and credit crisis. Maine has seen a rising number of foreclosures. The Bureau of Consumer Credit Protection reported that the rate of foreclosure for Maine in 2008 was nearly twice the rate in 2007.

The graph above shows homeowner/renter affordability for all 16 Maine counties in 2000 and 2007. In 2000, 13 counties were considered to have affordable housing (an index that was near or above 1.0). Cumberland, Lincoln, and Knox counties, all in southern Maine, were not considered affordable. By 2007, only three Maine counties were considered to have affordable housing: Aroostook, Piscataquis, and Somerset.

Counties with the least affordable housing tended to be coastal and southern counties. The full effects of the current economic recession and credit crisis are not readily apparent in the most recent data. This indicator may change somewhat in the next few years as the full effects are felt.

18. Poverty

Benchmark: Maine's poverty rate will decline and remain below the U.S. through 2010.



Data Source: U.S. Census Bureau, Current Population Survey and Small Area Income and Poverty Estimates

Maine's Poverty Rate Remains Below the National Rate – Some Families Still Having Trouble Making Ends Meet

In 2007, the poverty rate in Maine was 11.2% (moving 3-year average). From 1990 to 2007, the poverty rate in Maine has remained below the national rate and above the New England rate. Although this data shows continued progress on this indicator, the story is not quite so positive.

It is widely believed that the traditional 100% poverty rate underestimates the number of people having trouble making ends meet. According to the U.S. Department of Health and Human Services, a Maine person living in poverty in 2007 earned less than $10,210. More often these days, policy makers and programs are using 200% of poverty (double the income level) to measure the number of people in need and in turn to establish eligibility for a growing number of aid programs. In 2007, the 200% poverty rate in Maine and the nation was approximately 30% or almost one out of three people.

Regionally, the story in Maine also differs. Maine's rural counties to the west, north, and east have had and continue to have higher poverty rates than Maine's southern and service center counties. The poverty rate in Washington County in 2007 was approaching twice that of the state rate.

(continued on next page)

2007 Poverty Rate by Maine County	
County	Poverty Rate
Coastal Counties	
York	8.2%
Cumberland	9.7%
Sagadahoc	9.2%
Lincoln	10.8%
Knox	10.6%
Waldo	14.5%
Hancock	9.9%
Central Counties	
Androscoggin	14.1%
Kennebec	13.0%
Penobscot	13.5%
Rim Counties	
Oxford	14.4%
Franklin	16.0%
Somerset	17.2%
Piscataqus	16.5%
Aroostook	17.4%
Washington	20.1%

18. Poverty (continued)

Poverty Rate Children Under Age 5		
	Maine	U.S.
2000	17.5%	18.7%
2001	16.2%	18.6%
2002	18.2%	19.0%
2003	18.8%	20.3%
2004	18.4%	20.5%
2005	20.0%	21.3%
2006	21.4%	21.0%
2007	19.4%	20.8%

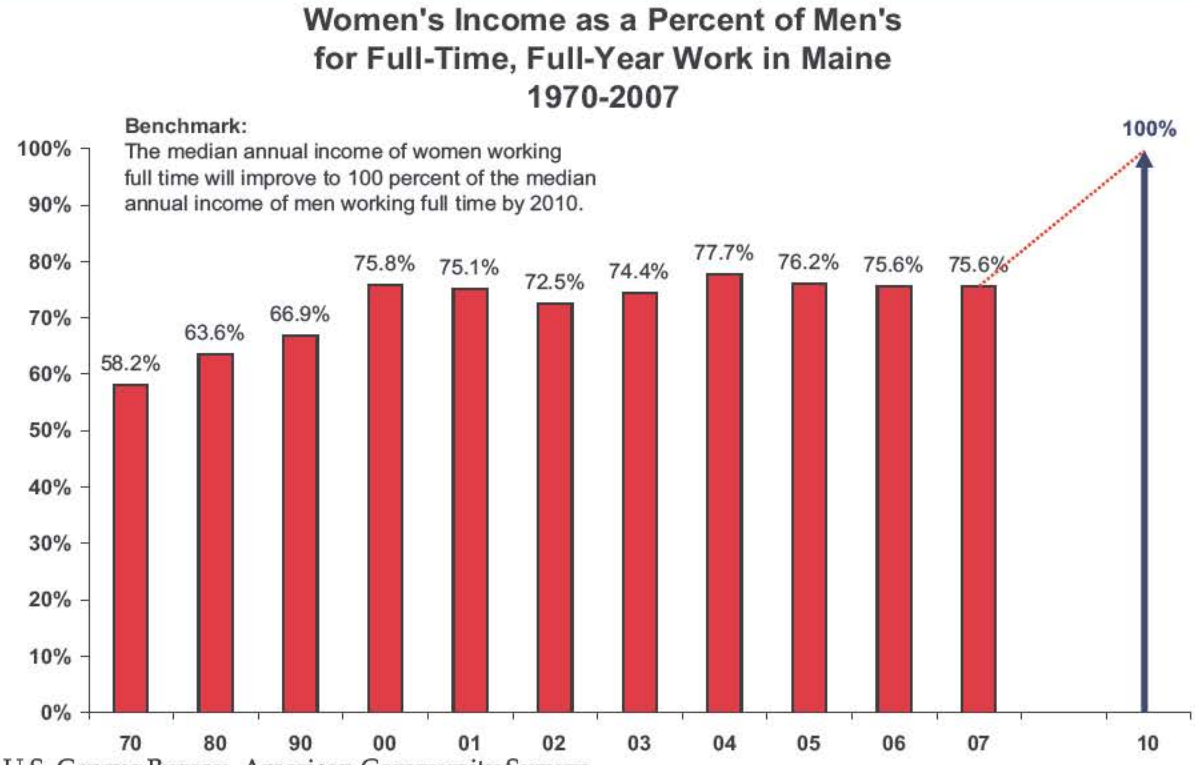
Poverty Rate Children Under Age 18		
	Maine	U.S.
2000	12.9%	16.2%
2001	12.8%	16.3%
2002	14.2%	16.7%
2003	14.3%	17.6%
2004	14.3%	17.8%
2005	16.7%	18.5%
2006	16.9%	18.3%
2007	15.7%	18.0%

Another trend of great concern within these figures has to do with children. As can be seen by the tables above, according to the U.S. Census Bureau Small Area Income & Poverty Estimates, the poverty rate for children under the age of five in Maine rose from 17.5% to 19.4% from 2000 to 2007. This followed national trends. The poverty rate for children under the age of 18 in Maine rose from 12.9% in 2000 to 15.7% in 2007. This was slightly better than national trends but still is a concern.

The Growth Council believes that investments in children are critical to the future prosperity of Maine. Investment is particularly important during early childhood before the age of five. These are formative years that determine in large part a person's ability to succeed as an adult. Investing early saves taxpayers much more down the road in foregone public expenses, not to mention the benefit of having productive adults in the workforce. Therefore, the high poverty rates for these young children are troubling and policy makers must keep this in mind with all future investment decisions.

19. Gender Income Disparity

Benchmark: The median annual income of women working full-time will improve to 100 percent of the median annual income of men working full-time by 2010.



Data Source: U.S. Census Bureau, American Community Survey

Maine Women Earn $0.76 for Every $1.00 Earned by Maine Men

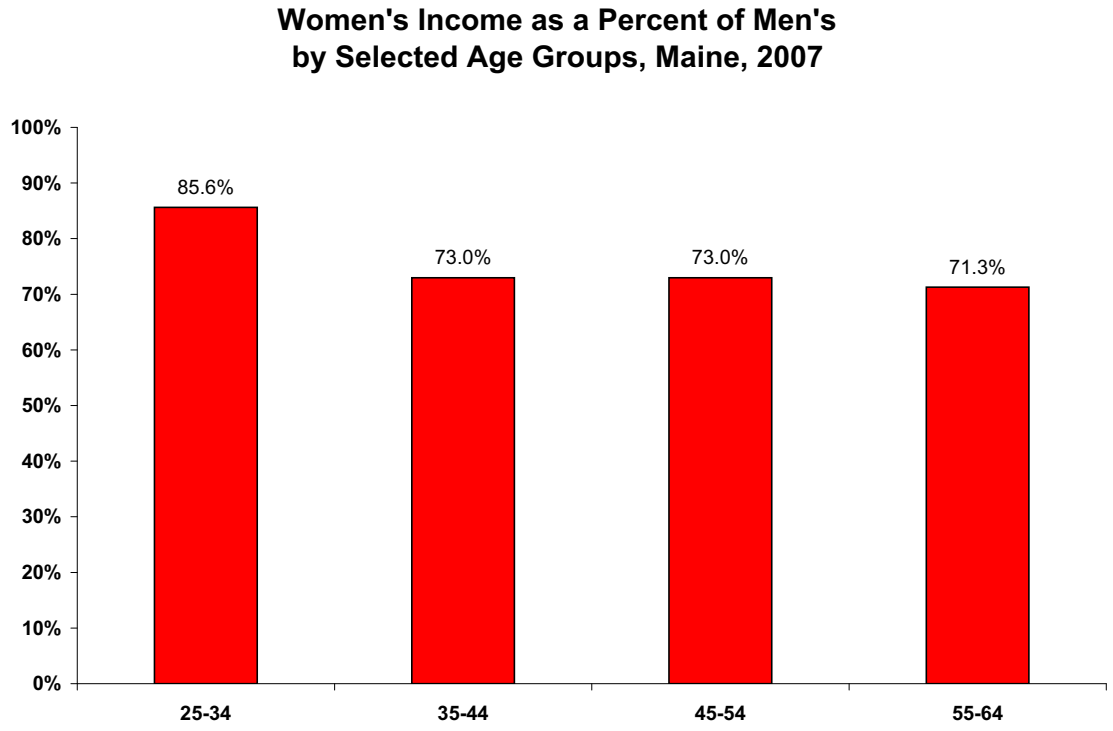
In 2007, the median annual income of all women in Maine who worked full-time, full-year was $31,522, compared to a median income of $41,709 earned by men who worked full-time, full-year. On average women earned $0.76 for every $1.00 earned by men. This is no improvement from the previous year. This measure is not making substantive progress. The graph on the next page illustrates how this differs by age. Younger women experience less income disparity than older women but the gap still exists.

Disparities in the amount of money that women make compared to men provide disincentives for women to contribute to the labor force and impair economic growth by not fully realizing the benefit of having productive economic contributions from all people. To put this into context, the Heinz Family Philanthropy and Mellon Financial Corporation reported that, in 2000, a typical 25-year-old college educated woman earning 73 cents for every dollar a man earned in the U.S. could expect to lose $523,000 in earnings over her lifetime due to the wage gap.

The prosperity of women affects Maine's communities broadly. There are significant economic costs associated with the wage disparity. Since many more women than men are single heads of households, increasing women's wages to a level more in line with men's can decrease poverty. This will have positive impacts on children. Investment in children, particularly in the early childhood years, is critical to ensuring their success, the viability of the communities where they will live and the industries where they will be employed. Also, higher earnings among younger women, who are saving for retirement and contributing to social security, can provide greater economic security for those women later in life and decrease the dependency of Maine's elderly population. Given that women tend to have a longer life expectancy than men, adequate income for retirement is that much more important.

(continued on next page)

19. Gender Income Disparity (continued)



Both the state and federal governments have passed legislation and provided models whereby businesses can voluntarily self-audit to investigate gender income disparity to ensure that earnings for female employees are comparable to men's.

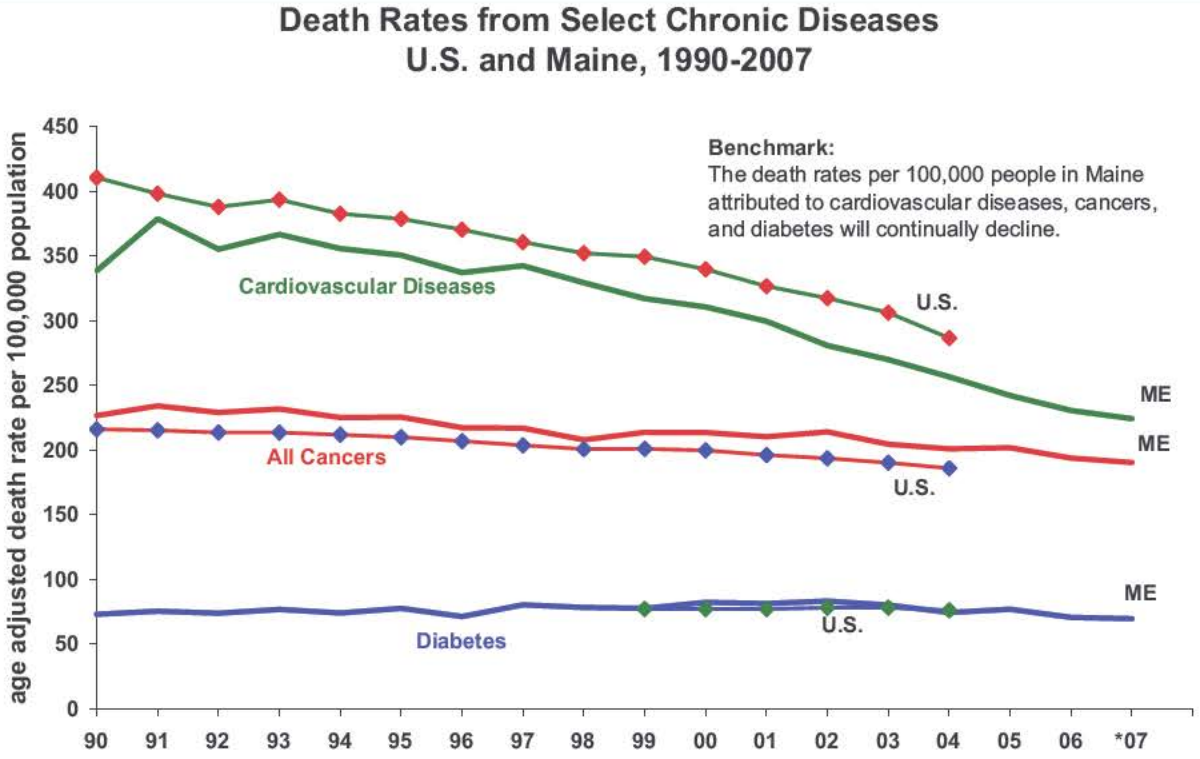
2007 Median Earnings
Full-Time, Year-Round, Civilian Employed Population 16 Years and Over

Occupation	Male	*Margin of Error*	Female	*Margin of Error*	Women's Earnings as % of Men's
Management, professional, and related occupations	**$54,148**	*+/ $1,999*	**$42,094**	*+/ $823*	**77.7%**
Management, business, and financial	**$56,190**	*+/ $3,319*	**$43,601**	*+/ $3,214*	**77.6%**
Professional and related occupations	**$52,796**	*+/ $1,886*	**$41,592**	*+/ $1,012*	**78.8%**
Service	**$30,372**	*+/ $1,518*	**$21,784**	*+/ $656*	**71.7%**
Healthcare support	**$28,875**	*+/ $1,463*	**$22,148**	*+/ $820*	**76.7%**
Protective service	**$43,172**	*+/ $4,341*	**$33,977**	*+/ $1,874*	**78.7%**
Food preparation and serving related occupations	**$24,641**	*+/ $2,215*	**$21,450**	*+/ $958*	**87.1%**
Building and grounds cleaning and maintenance	**$26,080**	*+/ $2,083*	**$19,252**	*+/ $1,927*	**73.8%**
Personal care and service	**$31,301**	*+/ $10,769*	**$21,778**	*+/ $1,909*	**69.6%**
Sales and office	**$41,661**	*+/ $1,399*	**$28,094**	*+/ $998*	**67.4%**
Sales and related	**$43,731**	*+/ $3,792*	**$27,658**	*+/ $3,749*	**63.2%**
Office and administrative support	**$37,490**	*+/ $3,010*	**$28,147**	*+/ $899*	**75.1%**
Farming, fishing, and forestry	**$33,622**	*+/ $6,326*	**$10,133**	*+/ $4,498*	**30.1%**
Construction, extraction, maintenance, and repair	**$37,348**	*+/ $1,324*	**$35,313**	*+/ $6,588*	**94.6%**
Production, transportation, and material moving	**$36,732**	*+/ $1,050*	**$26,252**	*+/ $973*	**71.5%**
Production	**$39,816**	*+/ $1,988*	**$25,954**	*+/ $946*	**65.2%**
Transportation and material moving	**$34,665**	*+/ $2,231*	**$28,761**	*+/ $2,110*	**83.0%**

The table above shows that gender income disparities also vary by occupation. It is important to note that some of the data, due to a small sample size, carry large margins of error and should be used with care. Nonetheless, certain occupations do compensate women better than others relative to men.

20. Chronic Disease

Benchmark: The death rates per 100,000 people in Maine attributed to cardiovascular diseases, cancer, and diabetes will continually decline.



Data Source: Maine Mortality Data Files, Prepared by: Maine Department of Health and Human Services, Maine Center for Disease Control and Prevention, Office of Data, Research and Vital Statistics

Death Rates** for Major Chronic Diseases Fall

The estimated death rates for the three chronic diseases tracked in the graph declined from 2006 to 2007. The death rate for cardiovascular disease decreased by 2.78%, a decline of 6 people for every 100,000. The death rate for cardiovascular disease has decreased by almost 34% since 1990. From 2006 to 2007 the death rates for both cancer and diabetes decreased by 1.76% and 1.42%, respectively. Since 1990, the death rate due to cancer has decreased by over 16% and the death rate due to diabetes has decreased by just over 4.5%.

The term "chronic disease" refers to a wide variety of health conditions that are not contagious and that can rarely be completely cured. Death rates in Maine attributed to the three major chronic diseases cardiovascular diseases, cancers, and diabetes are impacted by a combination of genetic predisposition and lifestyle choices such as smoking, diet, and exercise.

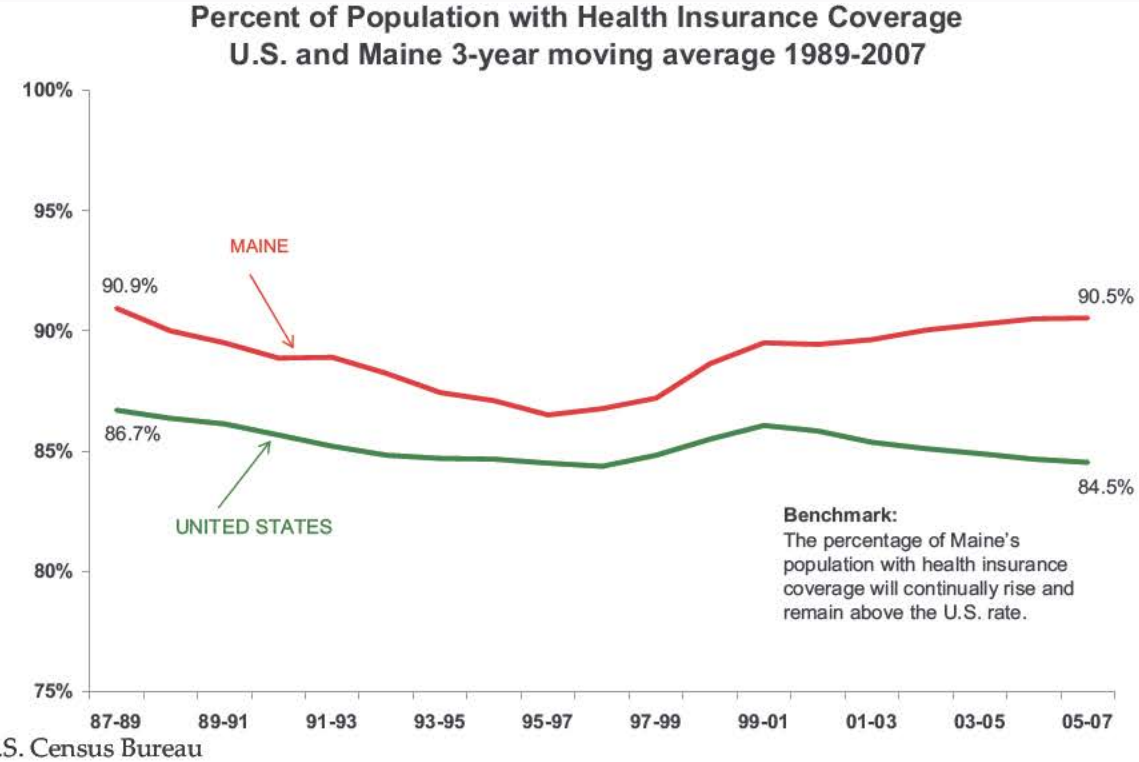
Chronic diseases negatively impact the quality of individual lives and the larger community. Costs associated with lost work time, hospitalization, and treatment of these often-fatal diseases also affect our economy. Death rates serve as a proxy for the incidence of chronic disease in Maine, or the number of people living with these chronic diseases. Caring for people living with chronic diseases comprises a significant part of Maine's health care costs.

* Data from 2001 to 2007 is preliminary. Data on chronic diseases were age adjusted to the year 2000 standard population. Age adjusted rates are useful for comparison purposes only, not to measure absolute magnitude. Age adjustment is a technique for removing the effects of age from crude rates, so as to allow meaningful comparisons across populations with different underlying age structures.

**Death rates serve as a proxy for the number of people living with chronic diseases.

21. Health Insurance Coverage

Benchmark: The percentage of Maine's population with health insurance coverage will continually rise and remain above the U.S. rate.



Data Source: U.S. Census Bureau

Health Insurance Coverage Remains High

Maine continues to surpass the nation in the proportion of population who are covered by insurance. Health insurance coverage is an imperative for access to appropriate health care services and in turn better health. It has been shown that people with insurance and access to health care are much more likely to seek timely medical help for them and their children than those people without.

According to the Kaiser Foundation and Urban Institute, in 2007, 52% of Mainers were covered by an employer, 5% purchased insurance directly, 19% received MaineCare (the State's Medicaid program), and 13% received Medicare. The national numbers are almost identical to Maine with one difference. Medicaid covers 13% of the population nationally compared to 19% in Maine. This six percentage point difference is reflected in the six percentage point difference in the number of uninsured.

Health Insurance Coverage
Total Populations 2007

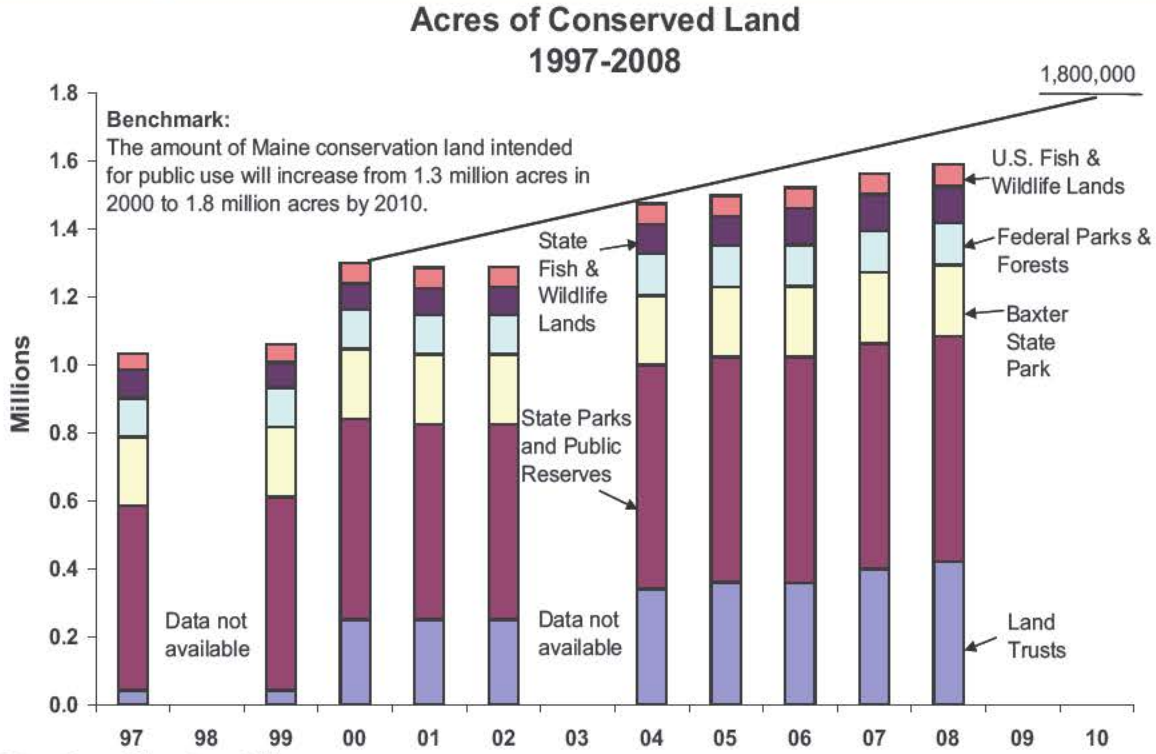
	United States	Maine
Employer	53%	52%
Individual	5%	5%
Medicaid	13%	19%
Medicare	12%	13%
Other Public	1%	1%
Uninsured	15%	9%
Total	100%	100%

Data Source: Kaiser Foundation and Urban Institute

Like the nation, Maine's employer sponsored insurance has declined as rising insurance and health care costs have made it increasingly difficult for employers to offer affordable health insurance benefits to employees. This is a great challenge in Maine, particularly with the high proportion of people who are self employed or work for a small business. In response, Maine expanded MaineCare coverage to avoid a rising number of uninsured people. Maine also began a subsidized insurance product called the DirigoChoice in 2005. Financing both programs has been challenging and will become a greater challenge due to the global recession and subsequent fall in tax revenues. Additionally, should current population trends continue, Maine will see an increased share of the population enrolled in the federal Medicare program due to the state's distinction as the oldest state in the nation. This could also increase the cost of MaineCare since low income people are eligible for both programs and because MaineCare, not Medicare, pays for most long term care.

22. Conservation Lands

Benchmark: The amount of Maine conservation land intended for public use will increase from 1,300,710 acres in 2000 to 1,800,000 acres by 2010.



Data Source: Maine State Planning Office

Land Conservation Continues to Increase

Through 2008, Maine held an estimated 1,589,927 acres of publicly accessible conservation land. This is an increase of 27,344 acres since 2007. The majority of this increase in conservation land holdings was due to successes in the land trust community, supported by public and philanthropic funding. This figure does not include private lands under conservation easements.

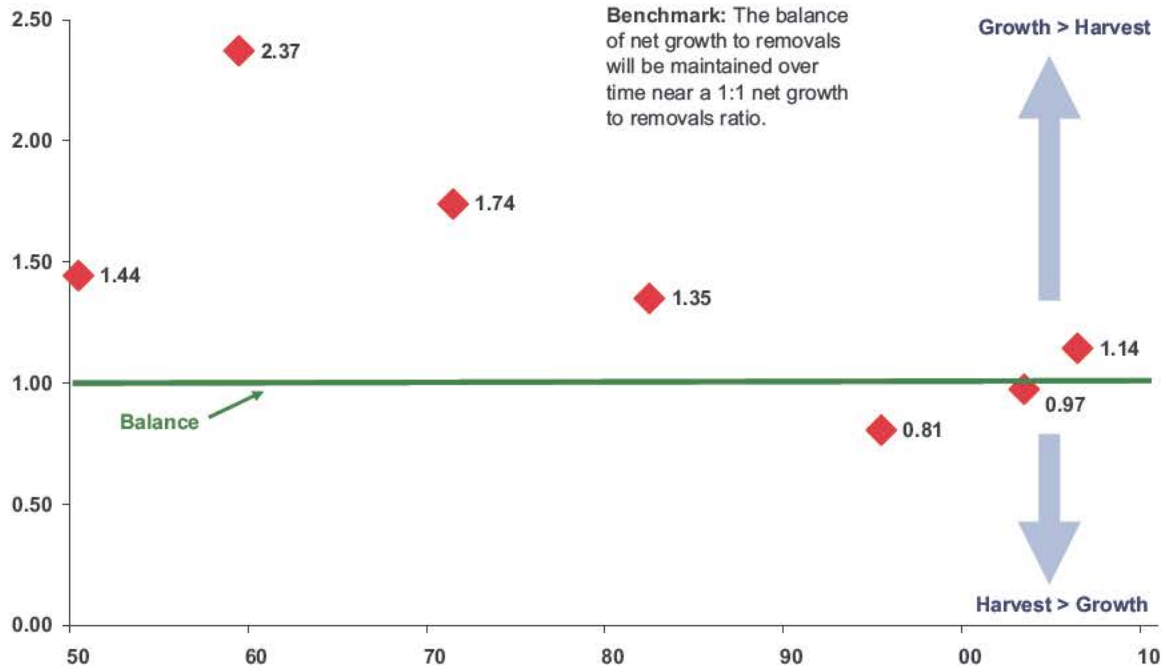
The upward trend continues in response to development pressures in southern Maine and along the coast in conjunction with continuing efforts to conserve key recreational and ecological assets in the Northwoods. Access to public and private lands contributes to the high quality of life enjoyed by Maine people. Residents use these lands for all types of recreational activities, which provide jobs and draw tourists. In addition, conserved lands support diverse plant and wildlife species, and maintain the natural aesthetic quality of the landscape.

Despite the positive trend in land conservation, federal and private philanthropic investment may be beginning to level off due to the poor economic environment. This presents a challenge to meeting the benchmark which is 1.8 million total acres in conservation ownership by 2010.

23. Sustainable Forest Lands

Benchmark: The balance of net growth to removals will be maintained over time near a 1:1 net growth to removals ratio.

Historic Trend in the Net Growth to Removals Ratio



Data source: Department of Conservation, Maine Forest Service

Sustainable Management of Maine's Forest Lands

An update for the most recent data year was not available for this indicator at the time of publication. The information reflects last year's data. Based on discussions with experts it is unlikely that the updated data will change this indicator noticeably.

The current net growth to removals ratio is 1.14:1. A ratio value greater than one indicates that growth is greater than harvest. A ratio value less than one indicates that harvest is greater than growth. Fluctuations around the ideal ratio of 1:1 are acceptable, provided the long-term trend is neutral and wide variations in either direction are avoided. This indicator is performing well and hitting the benchmark.

During the 1950s and 1960s, volumes far exceeded long-term carrying capacity. The spruce budworm epidemic and subsequent salvage harvesting of the 1970s and 1980s brought the growth to harvest levels back to the desired 1:1 ratio. Sawmills and pulp mills today are sustainably processing historically high volumes even while the total in-forest volume increases 50% since 1950.

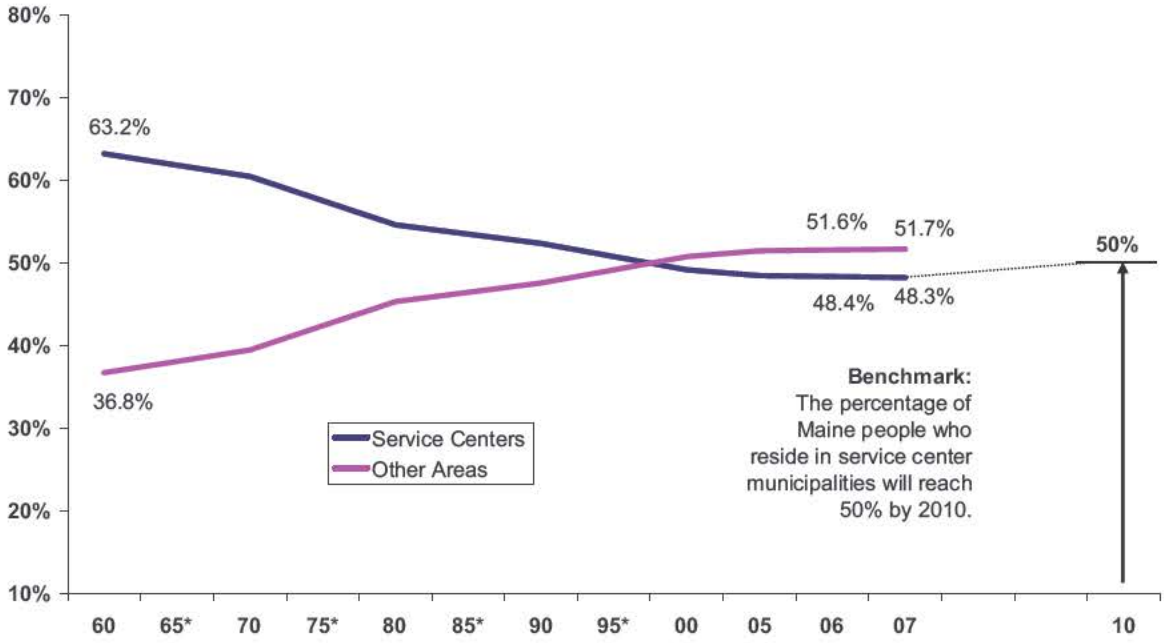
Maine's forests cover nearly 90% of the state's land area. Most of this acreage is actively managed by private landowners. Maine's forests support healthy wildlife populations, provide clean water, offer recreational opportunities, and supply raw materials used to create products ranging from newspaper to alternative fuels. Maintaining a long-term balance between growth and removals can sustain Maine's forests.

Sustainable forest lands, along with conservation lands, are important indicators of the degree to which the state is combating sprawl and supporting the natural resource-based economy.

24. Population of Service Center Communities

Benchmark: The percentage of Maine people who reside in service center municipalities will reach 50 percent by 2010.

Percent of Maine's Population Living in Regional Service Centers (Compared to Other Municipalities) 1960-2007



Data Source: Maine State Planning Office *Estimated

Sprawl Plateaus in Maine

In 2007, 48.3% of Maine people lived in regional service center communities, whereas in 1960, 63.2% lived in these communities. The trend of people moving out of urban centers into the more rural parts of the state reached a plateau in 2005 and the relative percentages have remained steady through 2007.

Sprawl is a concern because with it comes the build-out of redundant infrastructure such as roads, schools, and waste systems. Upkeep of this infrastructure costs local and state governments millions annually. The state has invested nearly a billion dollars in schools even as enrollment has declined. Meanwhile, Service Center Communities are struggling to pay for their own under-utilized infrastructure. This has prompted the state to raise the call for regionalization and consolidation of municipal services with varying success.

There are other negative impacts associated with sprawl. With more people commuting from rural areas to jobs in service centers, there is more household income spent on transportation and less time for civic participation. The increased consumption of Maine's land base also erodes the state's natural environment, a central part of the state's notable quality of life.

Within the boundaries of 63 specifically identified regional service center municipalities are almost three-quarters of all Maine jobs, services (hospitals, social services, educational institutions, cultural activities, and government services), and the state's consumer retail sales. For the most part, these are the places in which Maine people work, shop, and visit for a wide variety of services.

Economic growth is enhanced to the extent that people live close to or actually within these service centers. More people living in service centers means that services are delivered more efficiently and energy costs are reduced because people are not traveling as far to work and to shop. Greater populations in urban areas also lessen environmental impacts such as fuel emissions and residential development in rural areas.

With current economic and demographic trends as well as the volatility of the fuel and housing markets some predict that we may see a shift in the other direction as people find it more practical to live in town centers, closer to their work and their children's schools. This will depend on what the economy does over the next few years.

*The U.S. Census Bureau revises population figures from time to time to adjust for undercounts in the decennial census or to incorporate updated or revised data in the estimated procedures.

CITING INFORMATION IN THIS REPORT

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ABOUT THE DATA AND ITS TIMELINESS

The data in this report came from a wide variety of sources, primarily state and federal agencies. Some agencies are able to provide data that is immediately up to date, while others experience a lag in up to date reporting. Where possible, estimates were given by agencies in order to compensate for lags in confirmed data.

ON THE WEB

Measures of Growth in Focus 2009 is available on the website of the Maine Development Foundation in Adobe® portable document format (.pdf) for easy download and printing. Visit the Maine Economic Growth Council through the homepage of the Maine Development Foundation at www.mdf.org.

BACKGROUND AND ACKNOWLEDGMENTS

The Maine Economic Growth Council is co chaired by retired President and CEO of Madison Paper Industries, Roy Barry, and former State Senator Lynn Bromley. The Maine Economic Growth Council was established in statute by the Governor and the Legislature in 1993 to develop a vision and goals for the state's long term economic growth. At full complement, the Maine Economic Growth Council is comprised of 20 members: 14 representing the private, public, education, labor, and nonprofit sectors; four legislators; one representative from the Maine Innovation Economy Advisory Council, and the Commissioner of the Department of Economic and Community Development. Membership to the Maine Economic Growth Council requires a three way appointment from the Governor, Senate President, and Speaker of the House.

Since its inception, the Maine Economic Growth Council has published 15 annual editions of *Measures of Growth*. Several state agencies have formally incorporated the report's goals and benchmarks into their own strategic plans. Nonprofit organizations have initiated programs aimed directly at accomplishing specific benchmarks. Government officials have used *Measures of Growth* to justify programs to achieve the goals. Teachers have incorporated the substance of the reports into their curriculum. Policy development forums have used the benchmarks as springboards.

Measures of Growth has been constantly revised over the years in order to provide our readership with the most up to date overview of Maine's progress towards long term, sustainable economic growth, and a high quality of life for all its citizens. For the past four years, the Maine Economic Growth Council has opted to include what it deems are only the most critical factors that play into the vision of this report. The result is a leaner, more focused edition of *Measures of Growth*, compared to editions prior to 2005.

The Maine Economic Growth Council is administered by the Maine Development Foundation (MDF). MDF was created by the Legislature and Governor in 1978 as a private, nonprofit corporation with a broad mandate to promote Maine's economy. MDF empowers leaders, strengthens Maine communities, and guides public policy. Today, the MDF is financed primarily with private resources.

The MDF's President and CEO, Laurie Lachance, oversaw the development of this report and the proceedings of the Growth Council. Edmund Cervone, Program Director at MDF, administered Growth Council meetings and authored the report. Lisa Merrill, MDF Program Assistant, provided research, administrative support and graphic design. J.S. McCarthy Printers printed the report.

The work of the Maine Economic Growth Council is financed by a state appropriation through the Maine Department of Economic and Community Development, and supplemented by private contributions from the membership of MDF.

The Maine Development Foundation and the Maine Economic Growth Council extend sincere appreciation to the organizations and people who generously provided data and guidance.

Maine Economic Growth Council Members, 2009

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President and CEO, Retired
Madison Paper Industries

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